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NATIONAL COUNCIL OF WELFARE REPORTS

WELFARE INCOMES 2004

SPRING 2005

Canada

NATIONAL COUNCIL OF WELFARE REPORTS

WELFARE INCOMES 2004

SPRING 2005

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EXECUTIVE SUMMARY

Welfare Incomes 2004 is the latest annual update on welfare in each province and territory. It estimates welfare incomes for four types of households in 2004: a single employable person, a single person with a disability, a single-parent family with a 2-year-old child, and a two-parent family with two children aged 10 and 15. The National Council of Welfare has published similar estimates since 1986.

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

The value of most provincial and territorial welfare and related benefits continued to decline in 2004, adding further to the misery of the 1.7 million or so children, women and men who were forced to rely on welfare.

Between 2003 and 2004, there were only seven increases in provincial or territorial benefits among the 52 calculations done by the National Council of Welfare for the four household types in the 13 jurisdictions. The other 45 calculations all showed declines in benefits between 2003 and 2004.

The 2004 drops in support sent many provincial and territorial benefits down to their lowest levels since the 1980s after adjusting for inflation. Of the 52 calculations, 36 were lows for the period.

TOTAL WELFARE INCOMES AND POVERTY LINES

The report also compares total welfare incomes, including the federal government's National Child Benefit and the federal refundable credit for the Goods and Services Tax (GST) or the federal portion of the Harmonized Sales Tax (HST) in the four Atlantic provinces, with the poverty lines.

Total welfare incomes everywhere in Canada were well below the poverty lines once again in 2004. For single employable persons, incomes ranged from 19 percent of the poverty line in New Brunswick to 42 percent in Newfoundland and Labrador. Incomes of single persons with a disability ranged from 39 percent of the poverty line in Alberta to 59 percent of the poverty line in Ontario. The range for single parents was 48 percent in Alberta to 70 percent in Newfoundland and Labrador. The range for couples with children was 48 percent in British Columbia, followed by Quebec at 49 percent, to 65 percent of the poverty line in Prince Edward Island.

The comparisons between welfare incomes and the poverty line do not include the three territories, because they are not included in the Statistics Canada survey used to generate the low income cut-offs. However, the territories are included in a new appendix table comparing welfare incomes with median incomes, or incomes at the exact midpoint of the income spectrum.

WELFARE INCOMES AND AVERAGE INCOMES

Welfare incomes were way below average incomes in all ten provinces in 2004. The range for single employable persons was from a low of 15 percent of average income in New Brunswick to a high of 37 percent of average income in Newfoundland and Labrador. Single persons with a disability had incomes from 27 percent of the average in Alberta to 44 percent in Newfoundland and Labrador and Prince Edward Island. Single parents on welfare went from 26 percent of average income in Alberta to 52 percent in Newfoundland and Labrador. Two-parent families went from 19 percent in Ontario to 32 percent in Prince Edward Island.

WELFARE INCOMES AND CHILD BENEFITS

Welfare Incomes 2004 also includes details of the continuing “clawback” of the National Child Benefit Supplement (NCBS) from welfare families in Prince Edward Island, Ontario, Saskatchewan, British Columbia and the three territories.

The federal government has increased its spending on child benefits significantly since 1998, but the increases have been offset by freezes and cuts in provincial and territorial benefits, including the clawback of the NCBS.

Two-parent families with children on welfare in Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia, and the three territories wound up with lower total incomes in 2004 than they had in 1999, the first full year of the National Child Benefit.

Single parents wound up with lower total welfare incomes with only two exceptions. The single-parent family in Prince Edward Island gained \$380 between 1999 and 2004, and the single parent in Manitoba gained \$325.

Despite all the glowing government rhetoric about the National Child Benefit and a very real increase in federal funding, the fact remains that many families on welfare were worse off in 2004 than they were five years earlier. This is a big step backwards in the fight against child poverty.

Both the clawback and the current funding arrangements for welfare are blatant and long-standing examples of bad social policy, and bad social policy almost inevitably produces bad results.

I. WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

From 1966 to 1996, welfare fell under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the federal government to share the actual cost of welfare and selected social services with provinces and territories. The norm was 50-50 cost-sharing between the two levels of government.

The federal government scrapped CAP in 1996 and replaced it with the Canada Health and Social Transfer (CHST), a system of "block funding" that covered medicare and post-secondary education as well as welfare and social services. Federal payments under block funding are determined by a mathematical formula rather than actual spending by provincial and territorial governments. As of April 1, 2004, the CHST was split into one block fund for health and another block fund called the Canada Social Transfer for the other three programs.

Funding for welfare was further complicated with the introduction of the National Child Benefit in 1998. The benefit consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). Some provinces and territories consider the NCBS part of the welfare payment for families with children and have reduced their own payments to families on welfare accordingly.

Although people talk about welfare as a single entity, there are really 14 welfare systems in Canada: one system in each province and territory and yet another system for Aboriginal people who live on-reserve. Despite the fact that each is different, they have many common features. They all have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

The federal Department of Indian and Northern Affairs pays the entire cost of welfare and social services for Aboriginal people who live on-reserve, but the terms and conditions for receiving welfare and the amounts paid are determined by the province or territory where the reserve is located.

Provincial and territorial governments provide welfare to Aboriginal people living off reserve. There is no direct federal cost-sharing of these expenses. Federal support is provided through the Canada Social Transfer and other unconditional transfers.

These transfers are intended to cover social assistance (as well as other programs and services) but are not earmarked for these purposes and do not increase in line with provincial and territorial government spending.

This report deals only with the provincial and territorial welfare systems.

ELIGIBILITY

Eligibility for welfare is based on administrative rules that vary throughout the country. In general, applicants must be of a certain age, usually between 18 and 65. Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a needs test. The welfare department compares the budgetary needs of an applicant and any dependants with the income and assets of the household. Budgetary needs – covering items such as food, shelter, clothing, household expenses, transportation and personal grooming items – are set by government regulation and may or may not reflect the actual cost of items in the marketplace. Welfare rights organizations and social planning councils across Canada have long complained that the actual costs of living are far higher than the amounts deemed by provinces and territories to be budgetary needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets – that is, cash, bonds and securities that are readily convertible to cash – appear in Table 1.1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1.1, that household is not entitled to welfare until the excess is spent on approved needs. The amounts shown in Table 1.1 are the liquid asset exemption levels that were in effect in January 2004.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Welfare departments generally consider that income from other sources such as employment, pensions and Employment Insurance is fully available for support of the household. Some types of income, such as the basic Canada Child Tax Benefit, but not the supplement, and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion under the Canada Assistance Plan. Provinces and territories were required to use a needs test for welfare in order to qualify for federal cost-sharing, and they were also required to provide welfare to all their residents who were able to pass a needs test. The Canada Health and Social Transfer dropped the needs test as a requirement for federal funding.

To date, no province or territory has done away with the needs test outright, but British Columbia has legislation on the books that limits welfare entitlements for certain categories of recipients to two years out of every five.¹ Time limits on welfare were not allowed under the Canada Assistance Plan.

All in all, qualifying for welfare is a complicated and cumbersome process. A 2004 report to the Ontario Minister of Community and Social Services said some 800 rules and regulations had to be applied to determine if people in Ontario are eligible for welfare and how much welfare they should get each month:

Many of those rules are punitive and designed not to support people, but rather to keep them out of the system. Because there are so many rules, they are expensive to administer and often applied inconsistently from one caseworker to another, even within the same office. Further, the rules are so complicated that they are virtually impossible to communicate to clients, and it takes years to train a caseworker.²

Welfare systems in other jurisdictions may not all be so extreme, but all of them have extensive welfare manuals that contain a host of rules and regulations.

There were very few changes in liquid asset exemption levels between February 2003 and February 2004, as shown in Table 1.1 and the footnotes on the pages that follow.

All of the liquid asset exemption levels are modest at best. That follows from the nature of welfare as the social safety net of last resort. The rationale is that people should exhaust other sources of income, including personal savings, before they qualify for welfare.

¹“Time Limits Update”, Feb. 6, 2004, on the British Columbia Ministry of Human Resources web site. Initially, it was thought that some 29,000 welfare recipients might be affected by the two-year time limit, but the B.C. government expanded the list of exemptions in February 2004. That lowered the likely impact to 339 welfare recipients between April 1, 2004 and March 31, 2005.

² Report to the Honourable Sandra Pupatello, Minister of Community and Social Services, *Review of Employment Assistance Programs in Ontario Works and Ontario Disability Support Program*, by Deb Matthews, M.P.P., Parliamentary Assistant to the Minister, December 2004, page 25.
<http://www.mcass.gov.on.ca/NR/MCFCS/OW/Report/EmploymentAssistanceProgram.pdf>

On the other hand, some of the exemption levels in Table 1.1 are downright miserly and pose an unfair burden on welfare recipients. Manitoba, for example, allows no liquid assets at all at the time employable people first go on welfare and very modest exemptions afterward.

No liquid assets means a person has no savings to meet even a small unexpected expense or emergency. Allowing modest exemptions after enrolment sounds more reasonable, but it is unclear how anyone living on a welfare income could save \$400 or \$1,600 from their meagre monthly cheques.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2004

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 ¹	\$500	\$1,500
PRINCE EDWARD ISLAND	N/A ²	\$1,200	\$900	\$50 to \$200 ³	\$50 to \$2,400 ⁴
NOVA SCOTIA	\$500	\$1,000	\$500	Province generally requires applicants to exhaust liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC ⁵	\$2,500	\$2,845 ⁶	\$2,500	\$1,500	\$2,943 ⁷
ONTARIO ⁸	N/A	\$5,500	\$5,000	\$520	Adult, one child: \$1,457 Couple: \$901 Couple, one child: \$1,530 Each additional dependant child: \$500
MANITOBA	N/A ⁹	\$2,000	\$2,000	\$0 at enrolment \$400 after ¹⁰ enrolment	\$0 at enrolment Couple, two children: \$1,600 after enrolment

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2004

	Unemployable				Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family	
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	Adult, one child: \$3,000 Couple, two children: \$4,000 Each additional dependant child: \$500	
ALBERTA	\$1,500	\$2,500	\$1,500 ¹¹	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets	
BRITISH COLUMBIA	\$1,500	\$2,500	\$3,000 ¹²	\$1,500 ¹³	\$2,500 ¹⁴	
YUKON ¹⁵	\$1,500	\$2,500	\$1,500	\$500	Couple, two children: \$1,600	
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.					
NUNAVUT	The director may determine that some assets – such as those used in traditional activities – should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.					

Newfoundland and Labrador

¹ To qualify for a liquid asset exemption of \$3,000 for a single disabled person or \$5,500 for a family with a disabled person, the disabled person or at least one person in the family unit case must require supportive services to aid independent living.

Prince Edward Island

² Single applicants were not considered unemployable unless they were disabled.

³ The liquid asset exemption for anyone on short term assistance was \$50. Unless a single person applying for assistance was clearly only in need of one or two months' help, the long term exemptions of \$200 were applied at intake.

⁴ Unless persons with dependants applying for assistance were in need of one or two months' help, the long term exemptions of \$1,200 per couple and \$300 for each child up to \$2,400 were applied.

Quebec

⁵ Single persons and families had to divest themselves of some liquid assets to qualify for welfare, if their assets were above an amount set according to family size. At enrolment, total assets excluded monthly payments intended for rent, heating and utilities costs if not already paid out.

⁶ The exemption level for the single parent was \$2,500 plus \$345 for one child for a total of \$2,845. If the single parent had severe limitations to working, the level was \$5,000 plus \$345 for the child for a total of \$5,345.

⁷ The exemption level for an employable couple was \$2,500 plus \$443 for two children, which totals \$2,943. The exemption level for an employable couple with only one child was \$2,500 plus \$230 for a total of \$2,730.

Ontario

⁸ The "unemployable" category was the Ontario Disability Support Program; the "employable" category was Ontario Works. The Ontario Disability Support Program allowed assets to increase beyond the prescribed limits provided the funds were intended for the purchase of an approved disability-related item or service, or an item or service necessary for the health of a member of the welfare recipient's family. The asset exemption level for a couple under the Ontario Disability Support Program was \$7,500.

Manitoba

⁹ Single applicants were not considered unemployable unless they were disabled.

¹⁰ Employable single persons and families had to divest themselves of all liquid assets to qualify for welfare. After enrollment, the liquid asset exemptions were \$400 for a single person and \$1,600 for a couple with two children.

Alberta

¹¹ This rate refers to people who received welfare under the Supports for Independence program which was in effect until April 30, 2004. Asset limits changed effective May 1, 2004. For Expected to Work households, the combined liquid assets of the adult members of the household cannot exceed one month's total core benefits. For Not Expected to Work households, the combined liquid assets cannot exceed two months total core benefits. Alberta granted an exemption of up to \$3,000 for individuals without dependants and \$5,000 plus \$500 per dependant for families if a person was severely and permanently disabled and had high needs because of the costs of personal support services. Most people with severe disabilities received benefits under the Assured Income for the Severely Handicapped (AISH) program. AISH has an asset limit of \$100,000 not including a primary residence, personal belongings, a vehicle or a specially adapted vehicle.

British Columbia

¹² BC allowed people with disabilities on welfare to keep up to \$100,000 in total assets in trust if the assets were used for disability-related costs. If income taken out of the trust was not used for disability-related costs, BC treated it as non-exempt income.

¹³ In the first month of welfare, BC subtracted cash assets exceeding \$150 from the welfare payment.

¹⁴ In the first month of welfare, BC subtracted cash assets exceeding \$250 from the welfare payment.

Yukon

¹⁵ The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Table 1.2 presents a cross-Canada summary of estimated welfare incomes for 2004. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family with a 2-year-old child, and a two-parent family with two children aged 10 and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2004, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are *estimates*. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household. In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory.

It is especially important to understand the meaning of the social assistance figures in the first column. These figures are both maximum and minimum amounts. They are *maximum* amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. These figures are also *minimum* amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the basic welfare that eligible households are entitled to have. Some of the welfare assistance earmarked for any children in a family appears in this column, but some is included in the amounts in columns 3 and 4, federal, provincial and territorial child benefits. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the National Child Benefit Supplement (NCBS) that began in July 1998 in the jurisdictions that clawed back.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing, case history and special assistance.

A. RESIDENCE

The welfare rates shown for each province or territory are for the largest municipal area. This is because shelter allowances vary by region in some jurisdictions and are the same everywhere in other jurisdictions. Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is 2 years old and the children in the two-parent family are 10 and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Table 1.2, we assigned short-term rates of assistance – which are generally lower than long-term rates – to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments from special, long-term disability programs.

In most jurisdictions, a single parent with a 2-year-old child would be considered unemployable or temporarily unavailable for work, but there are some notable exceptions. Alberta considers a single parent with a child six months old capable of pursuing an employment plan. Nova Scotia and Prince Edward Island consider a single parent available for work when the youngest child reaches the age of one. Saskatchewan has no fixed minimum age for pushing single parents towards work, but says parenting responsibilities are a factor in determining employability.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. Most provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing. For example, as of January 1, 2005, in Quebec, if an adult recipient lives with his or her mother or father who is not an employment-assistance recipient, the latter is deemed able to provide financial support to the adult recipient and the adult's basic benefit will be reduced by \$100 per month, or by \$50 per month if the adult is the spouse of a student. However, the new measure does not apply in some specific situations.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions. We excluded additional shelter amounts that are discretionary.

E. CASE HISTORY

In order to calculate the rates for the full year for this report, we assumed that these four typical households started receiving welfare on January 1, 2004, and remained on assistance until the last day of the calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 1.2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or in kind support in the form of vouchers, goods or services. We have incorporated special assistance in the second column of Table 1.2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

NATIONAL CHILD BENEFIT

The third column of table 1.2 shows the money paid by the federal government under the National Child Benefit, which includes both the basic Canada Child Tax Benefit and the National Child Benefit Supplement.

The single parent with a 2-year-old in all jurisdictions except Alberta received \$2,911 during the calendar year 2004 and the couple with two older children received \$5,139. Alberta

asked the federal government to vary the payments according to the age of the children. The two welfare families in Alberta received \$2,811 and \$5,223 in 2004.

The federal government pays child benefits every month to all low-income families and many middle-income families with children under 18. The amounts increase every July 1. Details on the way benefits are calculated are contained in Appendix C and Appendix D at the end of this report.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Saskatchewan, British Columbia and all three territories provide benefits for children in low-income families in addition to those provided by the federal government. Except for Quebec which administers its own benefits, all of the benefits are administered by the federal government on behalf of the provinces and territories and are paid monthly along with the National Child Benefit.

Because we assumed that welfare households did not have any income from paid work during the time they were on assistance, we did not consider any provincial or territorial program providing financial aid to a low-income earner such as the Ontario Child Care Supplement for Working Families or the Alberta Family Employment Tax Credit.

Provincial and territorial child benefits changed in Newfoundland and Labrador, Saskatchewan, British Columbia and Yukon on July 1, 2004 - the same day that federal child benefits increased. There were no changes in 2004 in Nova Scotia, New Brunswick, Quebec, Northwest Territories and Nunavut.

The Newfoundland and Labrador Child Benefit was \$18 a month for the first child and \$26 a month for the second child until July 1, 2004. After that, it was \$19.50 a month for the first child and \$26.75 a month for the second child.

The Nova Scotia Child Benefit was \$37.08 a month for the first child and \$53.75 a month for the second child.

The New Brunswick Child Tax Benefit was \$20.83 a month for each child.

Quebec provided a Family Allowance of \$52.08 a month for each child and an extra \$108 a month for single-parent families.

Prior to July 1, 2004, the Saskatchewan Child Benefit was \$3.50 a month for the first child plus a Child Differential Allowance of \$35 a month for the first child in a single-parent family. Beginning July 1, the allowance was converted to the Saskatchewan Child Benefit and paid at the rate of \$35 a month. The second child in a family got \$21.25 a month in the first half of 2004 and \$17.83 a month in the second half of the year.

The BC Family Bonus was \$1.58 a month for the first child in a family prior to July 1, 2004 and disappeared altogether as of July 1. The second child in a family got \$17.75 a month in the first half of the year and \$11.91 a month in the second half of the year.

The Yukon Child Benefit was \$25 a month for each child prior to July 1, 2004 and \$37.50 a month afterward.

The Northwest Territories Child Benefit and Nunavut Child Benefit were both \$27.70 a month for each child.

THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

Under the system of federal child benefits that went into effect on July 1, 1998, the federal government pays a National Child Benefit to all low-income families and many middle-income families with children under 18. For most low-income families, the entitlement is the sum of two individual calculations: a basic Canada Child Tax Benefit (CCTB) and a National Child Benefit Supplement (NCBS).

As of July 1, 2004, the maximum Canada Child Tax Benefit goes to families with net family income of \$35,000 or less. The benefit declines and eventually disappears as family income rises above \$35,000. The maximum National Child Benefit Supplement goes to families with net incomes below \$22,615, and partial supplements go to families between \$22,615 and \$35,000.

The original deal between the two levels of government was that families on welfare would have the National Child Benefit Supplement "clawed back" by provincial and territorial governments, and the money clawed back would be reinvested in other programs for families with children. Low-income families with children *not* on welfare would get to keep the entire National Child Benefit Supplement.

The clawback mechanisms varied from place to place. One option for provinces and territories was treating the National Child Benefit Supplement as non-exempt income and deducting an equivalent amount from the monthly welfare cheques they paid to families with children. Another option was simply reducing the amount paid by welfare by the amount of the supplement. A third option was reducing the amount of provincial child benefits or family allowances where these programs existed.

Regardless of the mechanism actually used, the end result was that most families on welfare were no better off despite the substantial sums of new money provided by the federal government.

Newfoundland and Labrador and New Brunswick did not reduce basic social assistance when the supplement was introduced and have allowed families to benefit fully from the basic Canada Child Tax Benefit and the supplement. All other provinces and territories reduced their basic social assistance or child and family benefits every year for the first few years after the supplement was introduced.

As of early 2004, Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Manitoba and Alberta did not claw back the National Child Benefit Supplement. Here is the situation in more detail as it relates to the welfare incomes presented in this report.

Prince Edward Island treated the supplement as non-exempt income and subtracted the amount from basic social assistance.

Prior to August 2001, Nova Scotia treated the supplement as non-exempt income and subtracted it from basic social assistance. In August 2001, the province eliminated personal allowances for all children under 18 while deciding to allow welfare recipients to keep the full provincial and federal child tax benefits. The total amount of the provincial child tax benefit and the federal child tax benefit and supplement was not as large as the personal allowances were. As a result, both the single parent with one child and the couple with two children on welfare lost income while the province touted its cessation of the clawback.

Prior to July 2001, Quebec reduced the family allowance by the full value of the supplement. As of July 2001, Quebec no longer deducted annual increases to the supplement from the family allowance for the single parent with a child age 2. As of July 2002, Quebec no longer deducted annual increases to the supplement from the family allowance for the couple with children aged 10 and 15. The family allowance was held at the July 2000 rate of \$52.08 a month. As of January 2005, Quebec replaced three programs, by a new measure called "Soutien aux enfants" or "Child assistance." It is a refundable tax credit and has two components: the child assistance payment and the supplement for handicapped children. It replaces the following Québec measures: family benefits, the non-refundable tax credit respecting dependent children and the tax reduction for families.

The current government of Ontario promised during the last provincial election campaign to end the clawback. The government did not claw back the latest increase in the NCB supplement that went into effect on July 1, 2004, but it has not taken any other action at this point.

Prior to July 2000, Manitoba treated the supplement as non-exempt income and subtracted it from basic social assistance for all families with children. From July 2000 to August 2001, a provincial supplement of \$20 a month was added to the welfare payments of families with children under seven to compensate for the clawback of the federal supplement. Effective July 2001, the full amount of the NCBS was restored for children 6 years of age and under. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. As of February 2004, Manitoba allowed families with children aged 12 and over to keep the NCBS.

The Saskatchewan Child Benefit was reduced by the value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

Alberta stopped clawing back the supplement increase in August 2003.

In British Columbia, the BC Family Bonus was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases. For the single-parent family in this report, as of July 1, 2004, the Family Bonus reached zero

dollars. The couple with two children received a Family Bonus Top-up Supplement for second child. The couple with two children in this report received \$1.25 monthly between January and June 2004, and \$3.67 between July and December 2004.

In the Yukon, Northwest Territories and Nunavut, the supplement was treated as non-exempt income and deducted dollar for dollar from basic social assistance.

In all provinces and territories, Aboriginal people are subject to the same clawback provisions as other residents.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare believes that the clawback discriminates against welfare families and especially single-parent families on welfare. Most poor single-parent families are headed by women, so the clawback also discriminates against women.

Appendix E and Appendix F at the end of this report show the impact of the clawback by province and territory on welfare families and individual children living in welfare families as of early 2004.

There were 118,131 single-parent families and 37,208 two-parent families or a total of 155,339 welfare families who were clawed back in four provinces and three territories. The 155,339 families represent 11.2 percent of the more than 1.3 million families eligible to receive the NCB supplement, but 54.4 percent of the 285,639 families with children on welfare across Canada.

In terms of individual children affected by the clawback, the figures were 212,332 children in single-parent families and 85,242 children in two-parent families for a total of 297,574 children. That was 12.1 percent of the children eligible to receive the NCB supplement and 56.2 percent of the children living in welfare families.

GST CREDIT

The column for the federal GST Credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the four Atlantic provinces. The GST Credit is paid quarterly to lower-income individuals and families based on net household income during the previous two tax years.

In 2004, the quarterly payments added up to \$220 for an adult or the first child in a single-parent family and \$116 for other children. Single adults, including single parents, qualified for a supplement to the GST Credit if their incomes were higher than \$7,022 in 2002 or \$7,253 in 2003. The maximum supplement in 2004 added up to \$116.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia. The value of the Quebec Sales Tax Credit is included in the Quebec basic social assistance rate.

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR³							
Single Employable	\$7,140				\$221	\$40	\$7,401
Person with a Disability	\$7,140	\$1,500			\$250	\$40	\$8,930
Single Parent, One Child	\$11,436		\$2,911	\$225	\$556	\$100	\$15,228
Couple, Two Children	\$11,916		\$5,139	\$542	\$672	\$200	\$18,468
PRINCE EDWARD ISLAND⁴							
Single Employable ⁵	\$5,988				\$220		\$6,208
Person with a Disability ⁶	\$7,848				\$241		\$8,089
Single Parent, One Child ⁷	\$10,077		\$2,911		\$556		\$13,544
Couple, Two Children ⁸	\$14,071	\$350	\$5,139		\$672		\$20,231
NOVA SCOTIA^{9,10}							
Single Employable	\$4,992				\$220		\$5,212
Person with a Disability	\$8,592				\$249		\$8,841
Single Parent, One Child	\$8,772		\$2,911	\$445	\$556		\$12,684
Couple, Two Children	\$11,544	\$150	\$5,139	\$1,090	\$672		\$18,595

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEW BRUNSWICK¹¹							
Single Employable	\$3,168				\$220		\$3,388
Person with a Disability	\$6,696				\$220		\$6,916
Single Parent, One Child	\$8,772	\$900	\$2,911	\$250	\$556		\$13,389
Couple, Two Children	\$9,828	\$1,000	\$5,139	\$500	\$672		\$17,139
QUEBEC							
Single Employable ¹²	\$6,669				\$220		\$6,889
Person with a Disability ¹³	\$9,645				\$265		\$9,910
Single Parent, One Child ¹⁴	\$8,985		\$2,911	\$1,925 ¹⁵	\$556		\$14,377
Couple, Two Children	\$11,289	\$199	\$5,139	\$1,250	\$672		\$18,548
ONTARIO¹⁶							
Single Employable	\$6,370				\$220	\$383	\$6,973
Person with a Disability	\$11,380				\$300	\$306	\$11,987
Single Parent, One Child ¹⁷	\$10,281	\$105	\$2,911		\$556	\$398	\$14,251
Couple, Two Children ¹⁸	\$12,111	\$407	\$5,139		\$672	\$526	\$18,854

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
MANITOBA ¹⁹							
Single Employable ²⁰	\$5,572				\$220		\$5,792
Person with a Disability	\$7,377	\$960			\$240		\$8,576
Single Parent, One Child ²¹	\$9,636		\$2,911		\$556		\$13,103
Couple, Two Children ²²	\$14,151		\$5,139		\$672		\$19,962
SASKATCHEWAN ²³							
Single Employable	\$5,955				\$220		\$6,175
Person with a Disability	\$7,574	\$1,140			\$247		\$8,962
Single Parent, One Child ²⁴	\$8,627		\$2,911	\$441	\$556		\$12,535
Couple, Two Children ²⁵	\$12,470	\$215	\$5,139	\$256	\$672		\$18,751
ALBERTA ²⁶							
Single Employable	\$4,804	\$20			\$220		\$5,044
Person with a Disability ²⁷	\$6,584	\$1,036			\$226		\$7,846
Single Parent, One Child ²⁸	\$8,684	\$100	\$2,811		\$556		\$12,151
Couple, Two Children ²⁹	\$12,876	\$395	\$5,223		\$672		\$19,166

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
BRITISH COLUMBIA							
Single Employable	\$6,120	\$35			\$220	\$75	\$6,450
Person with a Disability ³⁰	\$9,437 ³¹	\$35			\$267	\$75	\$9,814
Single Parent, One Child ³²	\$10,147	\$80	\$2,911	\$10	\$556	\$75	\$13,778
Couple, Two Children ³³	\$11,893	\$217	\$5,139	\$187	\$672	\$150	\$18,258
YUKON							
Single Employable	\$11,990	\$155			\$320		\$12,465
Person with a Disability	\$11,990	\$1,655			\$336		\$13,981
Single Parent, One Child ³⁴	\$15,603	\$548	\$2,911	\$375	\$556		\$19,993
Couple, Two Children ³⁵	\$21,605	\$685	\$4,945	\$611 ³⁶	\$672		\$28,518
NORTHWEST TERRITORIES							
Single Employable	\$12,560				\$324		\$12,884
Person with a Disability	\$16,160				\$334		\$16,494
Single Parent, One Child ³⁷	\$17,961		\$2,911	\$330	\$556		\$21,758
Couple, Two Children ³⁸	\$23,441		\$4,819	\$660	\$672		\$29,592

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NUNAVUT ³⁹							
Single Employable ⁴⁰	\$10,430 ⁴¹				\$281		\$10,711
Person with a Disability	\$12,670				\$325		\$12,995
Single Parent, One Child ⁴²	\$18,062		\$2,687	\$330	\$556		\$21,635
Couple, Two Children	\$30,936		\$3,205	\$660	\$575		\$35,376

¹ Refers to the National Child Benefit which includes the basic Canada Child Tax Benefit and the National Child Benefit Supplement that were received between January 1 and December 31, 2004.

² The federal GST Credit includes the quarterly payments received between January 1 and December 31, 2004.

Newfoundland and Labrador

³ Individuals and families living in larger urban areas got additional assistance of up to \$61 per month (\$732 yearly) if the actual rent exceeded the basic shelter rate.

Prince Edward Island

⁴ PEI increased shelter and local transportation rates effective April 1, 2003.

⁵ The majority of single people (all but 180 out of 3,600 in 2004-05) whether employable or not received a shelter allowance of \$435 instead of the \$280 allowance we used in this report. The shelter rate of \$435 is for people with mortgages or who have been renting for a considerable period of time prior to coming on assistance.

⁶ In 2003 PEI eliminated payments for two disability-related supports – personal care allowance and special care allowance – for those who had access to the new Disability Support Program. PEI continued to pay for those allowances to people who didn't have access to DSP.

⁷ An increase in the healthy child allowance took effect August 1, 2004. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

⁸ An increase in the healthy child allowance took effect August 1, 2004. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Nova Scotia

⁹ Nova Scotia made a one-time payment in December 2004 of up to \$200 to some low income people to defray the cost of heating oil, stove oil or propane. The payment went to families with net incomes below \$22,200 in 2003; single people with net income below \$14,400, seniors receiving the federal Guaranteed Income Supplement or Spouse's Allowance; and welfare recipients.

¹⁰ Nova Scotia increased the monthly personal allowance from \$180 to \$184 per person on October 1, 2004.

New Brunswick

¹¹ New Brunswick increased the monthly fuel supplement from \$70 to \$90 on December 1, 2004. It is designed to provide assistance to offset the cost of winter heating, over and above what is included in the basic assistance rate. It is offered either in monthly payments, from November to April, or in a one-time payment. Eligibility is determined on a case-by-case basis.

Québec

¹² Québec increased payments for applicants "without a limited capacity for employment" on January 1, 2004.

¹³ Québec increased payments for applicants "with a severely limited capacity for employment" on January 1, 2004.

¹⁴ Québec increased payments for applicants "with a temporarily limited capacity for employment" on January 1, 2004.

¹⁵ As of January 2005, Québec replaced three programs with a new measure called "soutien aux enfants" or "child assistance". It is a refundable tax credit and has two components: the child assistance payment and the supplement for handicapped children. It replaces the following Québec measures: family benefits, the non-refundable tax credit respecting dependent children and the tax reduction for families. The minimum and maximum child assistance payments will be indexed each year on January 1, beginning in January 2006. A payment for the first quarter of 2005 was distributed in December 2004. This amount will be included in *Welfare Incomes 2005*.

Ontario

¹⁶ On May 18, 2004, Ontario announced a three per cent rate increase to the basic needs allowance and maximum shelter allowance. These are the first increases to social assistance rates since 1993. The rate increase was implemented on February 28, 2005 for Ontario Disability Support Program recipients and on March 1, 2005 for Ontario Works recipients. Ontario sent two lump-sum special payments in the fall of 2004 to eligible recipients, and those payments are included in this report.

¹⁷ Ontario did not claw back the increase in the National Child Benefit Supplement in July 2004.

¹⁸ Ontario did not claw back the increase in the National Child Benefit Supplement in July 2004.

Manitoba

¹⁹ Manitoba increased the basic needs amount by \$20 effective February 1, 2004 for single adults, childless couples and all adults in the disabled and aged categories including spouses.

²⁰ Single employable persons in the City of Winnipeg have received assistance from the provincial Employment and Income Assistance program since the province assumed responsibility for the administration of the Municipal Assistance Program in the City of Winnipeg in April 1999. On June 1, 2004, the province assumed responsibility for the administration of municipal assistance outside of Winnipeg.

²¹ Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for children under seven effective July 1, 2001.

²² Employable couples with children in the City of Winnipeg have received assistance from the provincial Employment and Income Assistance program since the province assumed responsibility for the administration of the Municipal Assistance Program in the City of Winnipeg in April 1999. On June 1, 2004, the province assumed responsibility for the administration of municipal assistance outside of Winnipeg. Effective February 2004, Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for families on income assistance with children aged 12 and over. Those families were the last ones in Manitoba still to be clawed back.

Saskatchewan

²³ An increase in utility rates is based upon actual average costs from January to December 2004.

²⁴ For January-June 2004, the Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement and amounted to only \$3.50 monthly. Saskatchewan also paid a Child Differential Allowance of \$35 a month to the first child of a

single parent. On July 1, 2004, Saskatchewan moved this Child Differential Allowance to the Saskatchewan Child Benefit and paid all low income single parents. Without this change, the Saskatchewan Child Benefit would have been zero effective July 1, 2004.

²⁵ The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement and added up to \$24.75 monthly between January and June 2004. On July 1, 2004, the first child benefit under Saskatchewan Child Benefit became zero. Two-parent families do not qualify for the single parent differential. The benefit rate for the second child in the two-parent family is \$17.83 monthly since July 1, 2004.

Alberta

²⁶ Alberta shifted from monthly standard allowance benefits to monthly core essential benefits on May 1, 2004. The new core benefit includes a \$5 a month co-payment benefit that was classified as an additional benefit.

²⁷ This report features the most basic disability benefit within the Alberta welfare system. Some recipients also get an additional handicapped benefit of \$175 a month. However, most single people with severe and permanent disabilities and limited resources receive assistance of \$850 a month under the Assured Income for the Severely Handicapped (AISH) program.

²⁸ Effective August 2003, Alberta stopped reducing basic social assistance by the increase to the National Child Benefit Supplement.

²⁹ Effective August 2003, Alberta stopped reducing basic social assistance by the increase to the National Child Benefit Supplement.

British Columbia

³⁰ The single person with a disability in British Columbia was a person in the Persons with Disabilities category. British Columbia also has another category called Persons with Persistent Multiple Barriers that has a much lower monthly rate.

³¹ Effective January 1, 2005, each person on disability assistance will start receiving \$70 more each month. This increase will appear in *Welfare Incomes 2005*.

³² The BC Family Bonus was reduced by the full amount of the National Child Benefit Supplement. As of July 1, 2004, the BC Family Bonus reached zero dollars for families with only one child.

³³ The BC Family Bonus was reduced by the full amount of the National Child Benefit Supplement.

Yukon

³⁴ Yukon continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁵ Yukon continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁶ Yukon increased the Yukon Child Benefit from \$25 a month for each child prior to July 1, 2004 to \$37.50 a month afterward. Yukon also increased the income level for the maximum child benefit from \$16,700 to \$25,000. Without the increase in the income level, the couple with two children would have received much less than the maximum territorial child benefit.

Northwest Territories

³⁷ NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁸ NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

Nunavut

³⁹ The majority of Income Support recipients reside in public housing in Nunavut. The majority of rent payments are \$60 per month but can be as high as \$1,500 depending on income. Applicants living in private accommodation must apply for public housing before being approved for rent payments. Private rents start at \$1,500 and go as high as \$2,700 per month. Approval is required from the director for amounts over \$900 for the single parent with one child or childless couple. Approval is required from the director for amounts over \$1,500 for the couple with two children. This report's methodology assumes all recipients live in private accommodation and receive the highest shelter rate without requesting any director's approval, e.g. \$900 for the single parent with one child and \$1,500 for the couple with two children.

⁴⁰ Nunavut requires from the single employable person, the single parent with one child and the couple with two children to be in a recipient category other than Transitional Assistance for two months before the regular clothing allowance be paid. For this report, it means those people were ineligible for the first two months of clothing allowance in 2004. Nunavut also requires the same type of households to be in a recipient category other than Transitional Assistance for six months in the current calendar year before the seasonal clothing allowance is paid.

⁴¹ Nunavut increased the food allowance by around ten per cent for all types of families effective June 1, 2004.

⁴² Nunavut continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement. Due to the higher welfare incomes of Nunavut families, the National Child Benefit Supplement and the GST credit were paid at a lower level than the standard payment to families in other provinces and territories.

II. ADEQUACY OF BENEFITS

The welfare incomes in Table 1.2 for 2004 have not improved from the abysmally low levels reported in previous years. To demonstrate this, we compared them with the poverty lines for 2004. The results are shown in Table 2.1.

Each year, Statistics Canada calculates the low income cut-offs or LICOs for households of different sizes in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. The Statistics Canada's before-tax low income cut-offs (LICOs) for 2004 are used in this report.

The National Council of Welfare regards the low income cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results. The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth. The Council's 2004 report *Income for Living?* looked at what the new Market Basket Measure (MBM) and the LICOs tell us about the situation of low-income people in four provinces. *Income for Living?* compared welfare income with income from paid work for the same four household types used in *Welfare Incomes 2004*.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 2.1 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with a total welfare income of \$3,388 (including federal and provincial tax credits) were abysmally poor by any standard. Even if they had income of this amount from earnings, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 2.1 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in most provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

Column one of Table 2.1 shows the total welfare incomes of four different types of households in the ten provinces in 2004. The three territories are not included in this table

because they are excluded from the Statistics Canada survey used to generate the low income cut-offs.

Column two indicates the 2004 poverty lines (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column represents the total welfare income as a percentage of the poverty line, that is, total welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2004. The welfare income for this household type ranged from a low of 19 percent of the poverty line in New Brunswick to a high of 42 percent of the poverty line in Newfoundland and Labrador.

Welfare incomes for single people with disabilities were the lowest in Alberta and New Brunswick at 39 percent of the poverty line. The highest income was in Ontario at 59 percent of the poverty line.

Welfare incomes for single-parent families were the lowest in Alberta at 48 percent of the poverty line. The highest was in Newfoundland and Labrador, where welfare income for this household type was at 70 percent of the poverty line.

Finally, the welfare incomes for two-parent families with two children were the lowest in British Columbia at 48 percent of the poverty line followed by Quebec at 49 percent. The highest income for this household type was in Prince Edward Island with a rate of 65 percent of the poverty line.

TABLE 2.1: ADEQUACY OF 2004 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$7,401	\$17,515	-\$10,114	42%
Person with a Disability	\$8,930	\$17,515	-\$8,585	51%
Single Parent, One Child	\$15,228	\$21,804	-\$6,576	70%
Couple, Two Children	\$18,468	\$32,546	-\$14,078	57%
PRINCE EDWARD ISLAND				
Single Employable	\$6,208	\$17,407	-\$11,199	36%
Person with a Disability	\$9,216	\$17,407	-\$8,191	53%
Single Parent, One Child	\$13,544	\$21,669	-\$8,125	63%
Couple, Two Children	\$20,911	\$32,345	-\$11,434	65%
NOVA SCOTIA				
Single Employable	\$5,212	\$17,515	-\$12,303	30%
Person with a Disability	\$8,841	\$17,515	-\$8,674	50%
Single Parent, One Child	\$12,684	\$21,804	-\$9,120	58%
Couple, Two Children	\$18,595	\$32,546	-\$13,952	57%
NEW BRUNSWICK				
Single Employable	\$3,388	\$17,515	-\$14,127	19%
Person with a Disability	\$6,916	\$17,515	-\$10,599	39%
Single Parent, One Child	\$13,389	\$21,804	-\$8,415	61%
Couple, Two Children	\$17,139	\$32,546	-\$15,408	53%
QUEBEC				
Single Employable	\$6,889	\$20,337	-\$13,448	34%
Person with a Disability	\$9,910	\$20,337	-\$10,427	49%
Single Parent, One Child	\$14,377	\$25,319	-\$10,942	57%
Couple, Two Children	\$18,548	\$37,791	-\$19,243	49%

TABLE 2.1: ADEQUACY OF 2004 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,973	\$20,337	-\$13,364	34%
Person with a Disability	\$11,987	\$20,337	-\$8,350	59%
Single Parent, One Child	\$14,251	\$25,319	-\$11,068	56%
Couple, Two Children	\$18,854	\$37,791	-\$18,937	50%
MANITOBA				
Single Employable	\$5,792	\$20,337	-\$14,545	28%
Person with a Disability	\$8,576	\$20,337	-\$11,761	42%
Single Parent, One Child	\$13,103	\$25,319	-\$12,216	52%
Couple, Two Children	\$19,962	\$37,791	-\$17,829	53%
SASKATCHEWAN				
Single Employable	\$6,175	\$17,515	-\$11,340	35%
Person with a Disability	\$8,962	\$17,515	-\$8,553	51%
Single Parent, One Child	\$12,535	\$21,804	-\$9,269	57%
Couple, Two Children	\$18,751	\$32,546	-\$13,795	58%
ALBERTA				
Single Employable	\$5,044	\$20,337	-\$15,293	25%
Person with a Disability	\$7,846	\$20,337	-\$12,491	39%
Single Parent, One Child	\$12,151	\$25,319	-\$13,168	48%
Couple, Two Children	\$19,166	\$37,791	-\$18,625	51%
BRITISH COLUMBIA				
Single Employable	\$6,450	\$20,337	-\$13,887	32%
Person with a Disability	\$9,814	\$20,337	-\$10,523	48%
Single Parent, One Child	\$13,778	\$25,319	-\$11,541	54%
Couple, Two Children	\$18,258	\$37,791	-\$19,533	48%

III. WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is evident when measured against total average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 3.1 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province. These averages are based on 2003 data collected by Statistics Canada in the Survey of Labour and Income Dynamics, adjusted by the Consumer Price Index to 2004. The three territories are not included in this table because they are excluded from the Statistics Canada Survey of Labour and Income Dynamics.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes remained far, far below average. In 2004, the welfare income of a single employable person ranged in value from just 15 percent of the average income of single people in New Brunswick to a high of 37 percent of the average income of single people in Newfoundland and Labrador.

The welfare income of a disabled person ranged from a low of 27 percent of the average income of single Albertans, to 44 percent of the average income of single Newfoundlanders and in Prince Edward Island.

The single parent in Alberta received 26 percent of the average income of single parents in that province, while a single parent on welfare in Newfoundland and Labrador received 52 percent of the average income of single parents in the province.

The couple with two children on welfare in Ontario received only 19 percent of the average income of Ontario couples with children. The situation for the couples in British Columbia and Alberta was comparable, with only 22 percent of the average income of similar families in those provinces. The best a two-parent family on welfare did was 32 percent of the average income of two-parent families in Prince Edward Island.

In this year's edition, we added a table located in Appendix G that compares welfare incomes with estimated median incomes or incomes at the exact midpoint of the income spectrum. The three territories are included in this table, which allows us to look at their income adequacy for the first time. The welfare incomes of all family types in the territories except single-parent families were far, far below the median incomes. The situation of single-parent families looked better. However, it reflects very low median incomes for all single-parent families, regardless of their source of income, rather than an improvement in the situation of welfare recipients.

TABLE 3.1: 2004 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$7,401	\$20,176	37%
Person with a Disability	\$8,930	\$20,176	44%
Single Parent, One Child	\$15,228	\$29,551	52%
Couple, Two Children	\$18,468	\$68,375	27%
PRINCE EDWARD ISLAND			
Single Employable	\$6,208	\$22,112	28%
Person with a Disability	\$9,216	\$22,112	42%
Single Parent, One Child	\$13,544	\$31,691	43%
Couple, Two Children	\$20,911	\$64,401	32%
NOVA SCOTIA			
Single Employable	\$5,212	\$28,226	18%
Person with a Disability	\$8,841	\$28,226	31%
Single Parent, One Child	\$12,684	\$30,774	41%
Couple, Two Children	\$18,595	\$73,470	25%
NEW BRUNSWICK			
Single Employable	\$3,388	\$22,724	15%
Person with a Disability	\$6,916	\$22,724	30%
Single Parent, One Child	\$13,389	\$29,551	45%
Couple, Two Children	\$17,139	\$71,024	24%
QUEBEC			
Single Employable	\$6,889	\$29,551	23%
Person with a Disability	\$9,910	\$29,551	34%
Single Parent, One Child	\$14,377	\$36,378	40%
Couple, Two Children	\$18,548	\$78,973	23%

TABLE 3.1: 2004 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,973	\$36,378	19%
Person with a Disability	\$11,987	\$36,378	33%
Single Parent, One Child	\$14,251	\$38,620	37%
Couple, Two Children	\$18,854	\$96,805	19%
MANITOBA			
Single Employable	\$5,792	\$28,430	20%
Person with a Disability	\$8,576	\$28,430	30%
Single Parent, One Child	\$13,103	\$35,156	37%
Couple, Two Children	\$19,962	\$75,610	26%
SASKATCHEWAN			
Single Employable	\$6,175	\$28,124	22%
Person with a Disability	\$8,962	\$28,124	32%
Single Parent, One Child	\$12,535	\$33,118	38%
Couple, Two Children	\$18,751	\$76,935	24%
ALBERTA			
Single Employable	\$5,044	\$29,449	17%
Person with a Disability	\$7,846	\$29,449	27%
Single Parent, One Child	\$12,151	\$46,059	26%
Couple, Two Children	\$19,166	\$88,857	22%
BRITISH COLUMBIA			
Single Employable	\$6,450	\$30,061	21%
Person with a Disability	\$9,814	\$30,061	33%
Single Parent, One Child	\$13,778	\$35,665	39%
Couple, Two Children	\$18,258	\$83,456	22%

IV. PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

The value of most provincial and territorial welfare and related benefits continued to decline in 2004, adding further to the misery of the 1.7 million or so children, women and men who were forced to rely on welfare.

Between 2003 and 2004, there were only seven increases in provincial or territorial benefits among the 52 calculations done by the National Council of Welfare for the four household types in the 13 jurisdictions. The other 45 calculations all showed declines in incomes between 2003 and 2004.

The 2004 drops in support for welfare recipients in most provinces and territories sent most welfare rates down to their lowest levels since our first calculations way back in the 1980s. Of the 52 calculations for 2004, 36 were lows for the period.

This section of the report includes a look at provincial and territorial benefits in both the short term and the long term, starting with Table 4.1 and Table 4.2. Both tables focus exclusively on the benefits provided to welfare recipients by provincial and territorial governments. That means the welfare incomes shown earlier in Table 2.1 minus the federal GST/HST Credit and minus the National Child Benefit for the two types of households with children.

All the figures in the tables are expressed in constant 2004 dollars to factor out the influence of inflation over the years and to show how the real purchasing power of welfare recipients has fallen over time.

THE SHORT TERM

Table 4.1 shows provincial and territorial benefits to welfare recipients over time. It includes basic welfare assistance, additional welfare benefits, provincial and territorial child benefits and provincial tax credits. The column at the far right of the table shows the percentage increase or decrease in provincial and territorial benefits between 2003 and 2004.

Welfare rates are not adjusted automatically for increases in the cost of living anywhere in Canada, so welfare recipients typically lose ground to the cost of living year after year. The cost of living rose 1.9 percent between 2003 and 2004, for example, and a number of the benefits shown in Table 4.1 went down 1.9 percent.

The table provides comparisons of provincial and territorial benefits from 1986 to 2004 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2004. The National Council of Welfare first estimated welfare incomes in the Northwest Territories in 1993, so the table shows comparisons only since that time. The data for Nunavut began in 1999 when the territory was created.

Most provincial and territorial benefits went down slightly because benefits were not increased in line with the cost of living. However, there were also other reasons for the losses. One reason for higher-than-average losses among families with children was the increase in the National Child Benefit Supplement or NCBS from the federal government and the corresponding increase in the amount clawed back by some provincial and territorial governments. For example, the single parent with a 2-year-old child normally got \$1,463 from the NCBS in 2003 and \$1,511 in 2004, an increase of \$48 by 2004. That led to a reduction of \$48 in provincial and territorial benefits in 2004 in jurisdictions that still did a full clawback of the NCBS.

In Newfoundland and Labrador, single employable persons and disabled persons saw their welfare incomes decrease because of the increase in the cost of living. Both families with children saw their welfare incomes decrease by less than the cost of living due to a slight increase in the provincial child benefit in July 2003 and 2004.

In Prince Edward Island, the value of provincial welfare incomes decreased for the single disabled person by 1.4 percent. Despite an increase of shelter and local transportation rates effective April 2003, the increasing cost of living caused a decrease in the overall welfare income for the single disabled person and the single employable person. The value of welfare decreased for the single parent with a 2-year-old by 1.3 percent and for the couple with two children by 1.4 percent. The increasing cost of living combined with the provincial government's clawback of the supplement to the federal child tax benefit were not sufficiently offset by the increase to provincial welfare rates in April 2003 and August 2004.

In Nova Scotia, all recipients saw their welfare income decrease by less than the cost of living increase due to a slight increase in the provincial welfare rates for adults in October 2004.

New Brunswick froze welfare rates, so all recipients lost purchasing power.

In Quebec, the single employable person and the disabled person saw a miniscule increase in their income due to the increase in provincial welfare rates in January 2004 that was not fully reduced by the cost of living increase. Benefits for the families with children dropped by less than the cost of living – by 0.5 percent and 0.3 percent respectively – because the province allowed a small increase in welfare benefits and allowed the families to keep the National Child Benefit Supplement.

In Ontario, the single employable person and the disabled person saw a slight increase in their welfare incomes due to the increase in provincial welfare rates in the fall of 2004. These were the first increases to welfare rates since 1993. The single-parent families and the two-parent families experienced a loss in the purchasing power of their welfare benefits. Provincial benefits for the single parent with one child dropped by 0.2 percent, and the couple with two children lost 1.1 percent. The drop for the two families with children occurred because of the clawback of the supplement to the federal child tax benefit.

In Manitoba, single employable people and single disabled people saw the value of their welfare benefits increase due to an increase in the welfare rates in February 2004. Manitoba froze welfare rates for single-parent families with one child, so they lost the value of the cost of living. The couple with two older children saw an increase of 3.6 percent, which reflects Manitoba's decision to cease its clawback of the supplement to the National Child Benefit for children 11 years of age and under as of February 2003 and its decision to cease its clawback of the supplement for children 12 years and over as of February 2004.

All four household types in Saskatchewan experienced a loss in the purchasing power of their welfare benefits. The single employable and single disabled recipients saw a slight decrease in the value of welfare benefits by 1.6 and 0.4 percent respectively. The single parent saw a decrease of 2.5 percent and the couple saw their benefits fall by 2.1 percent. Saskatchewan slightly increased its utility rates based upon actual average costs for all household types. This almost offset the cost of living for the single employable and single disabled recipients. However, the single parent with a young child and the couple with older children suffered a larger reduction because of the clawback.

In Alberta, the single employable person saw a decrease in income due to the increase in the cost of living. The single disabled person saw a slightly smaller decrease than the cost of living because of a benefit supplement introduced in June 2003. Alberta also gave this to the two families with children, but not the single employable. The single parent and the couple saw losses of 0.7 and 0.1 percent, reflecting the increasing cost of living not sufficiently compensated by the increases to provincial welfare payments and Alberta's decision to cease the clawback of the supplement increase to the National Child Benefit for families receiving social assistance in August 2003.

In British Columbia, the single employable person and the disabled person lost 1.9 percent of their income reflecting a freeze in provincial welfare rates. For the single parent, the loss was 2.4 percent and for the couple, 2.8 percent, reflecting the provincial government's clawback of the supplement to the federal child tax benefit.

In Yukon, the value of welfare benefits decreased for all of the household types. The single employable and the disabled person saw a decrease by the cost of living due to frozen benefit levels. The single parent saw a loss of 2.1 percent, and the couple saw a loss of 1.0 percent due to the clawback of their provincial benefits by the amount of the federal child tax benefit supplement combined with frozen benefits.

In the Northwest Territories, all four household types saw a decrease in the value of their benefits. For the single employable and disabled persons, the decreases at 1.5 percent and 1.6 percent were less than the cost of living and were mainly due to increases for clothing that took effect in March 2003 and for food that took effect in October 2003. The single parent and couple experienced decreases of 2.2 percent and 0.1 percent as the gains in territorial welfare payments were offset by the clawback of the supplement to the federal child tax benefit.

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	5,405	5,216	5,185	5,106	5,359	5,295	5,286	5,174
Person with a Disability		10,508	10,397	10,085	10,308	10,171	10,155	9,939
Single Parent, One Child	13,551	13,280	13,254	13,404	13,953	13,785	13,762	13,469
Couple, Two Children	15,676	15,364	15,326	14,836	15,100	14,916	14,891	14,574
PRINCE EDWARD ISLAND								
Single Employable	10,039	9,719	9,672	9,670	9,809	9,738	8,750	6,739
Person with a Disability		11,311	11,194	11,036	11,169	11,075	10,939	10,523
Single Parent, One Child	13,838	13,398	13,501	13,396	13,606	13,528	13,271	12,635
Couple, Two Children	20,279	19,956	19,950	20,069	20,314	20,161	19,776	18,972
NOVA SCOTIA								
Single Employable	7,378	8,232	7,852	7,469	7,356	7,226	7,215	7,061
Person with a Disability		10,836	10,765	10,611	10,466	10,282	10,441	10,247
Single Parent, One Child	12,778	13,171	13,072	12,918	12,919	12,690	12,871	12,630
Couple, Two Children	15,381	16,755	16,007	15,473	15,490	15,266	15,241	14,917
NEW BRUNSWICK								
Single Employable	3,637	3,937	3,877	3,795	3,798	3,745	3,769	3,703
Person with a Disability		10,315	10,151	9,857	9,868	9,807	7,694	7,664
Single Parent, One Child	10,923	10,674	10,504	10,272	10,347	10,380	10,807	11,333
Couple, Two Children	11,816	11,547	11,348	11,243	11,610	11,643	12,068	12,687
QUEBEC								
Single Employable	3,828	4,921	6,981	7,251	7,469	7,491	7,332	7,176
Person with a Disability		8,847	9,174	9,437	9,726	9,723	9,884	9,673
Single Parent, One Child	12,881	11,956	12,736	11,657	13,236	13,787	14,087	13,788
Couple, Two Children	16,649	15,614	15,274	15,725	16,260	16,744	16,526	16,175

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
2,945	1,283	1,289	1,288	1,796	3,285	7,517	7,316	7,180	-1.9%
9,781	9,696	9,644	9,565	9,425	9,262	9,088	8,845	8,680	-1.9%
13,255	13,155	13,117	12,973	12,739	12,523	12,292	11,969	11,761	-1.8%
14,343	14,370	14,310	14,076	13,712	13,478	13,226	12,878	12,658	-1.7%
6,173	6,156	6,097	5,996	6,147	6,035	6,028	6,053	5,988	-1.1%
9,700	9,505	9,415	9,259	9,322	9,129	9,121	9,085	8,964	-1.4%
12,055	11,548	11,091	10,464	10,535	10,233	10,275	10,210	10,077	-1.3%
17,506	17,545	16,799	15,748	16,058	15,537	15,520	15,315	15,101	-1.4%
6,970	5,128	5,079	4,934	4,803	4,934	5,214	5,075	4,992	-1.7%
10,085	9,922	9,827	9,665	9,408	8,632	8,983	8,743	8,592	-1.8%
12,429	12,228	11,909	11,451	11,027	9,934	9,638	9,380	9,217	-1.8%
16,010	16,203	15,709	14,433	14,286	14,578	13,360	13,002	12,784	-1.7%
3,686	3,669	3,634	3,574	3,478	3,390	3,317	3,228	3,168	-1.9%
7,630	7,716	7,680	7,553	7,352	7,165	7,011	6,823	6,696	-1.9%
11,267	11,395	11,383	11,194	10,894	10,616	10,388	10,111	9,922	-1.9%
12,607	12,928	12,998	12,782	12,438	12,121	11,860	11,543	11,328	-1.9%
7,062	6,844	6,744	6,795	6,676	6,644	6,747	6,668	6,669	0.0%
9,731	9,713	9,800	9,827	9,711	9,700	9,750	9,640	9,645	0.1%
13,568	12,844	12,414	11,890	11,299	11,076	11,137	10,965	10,910	-0.5%
15,918	15,093	14,556	13,741	13,161	12,884	12,970	12,778	12,738	-0.3%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
ONTARIO								
Single Employable	8,181	8,800	9,605	9,859	10,200	10,167	10,174	9,445
Person with a Disability		12,706	13,550	13,852	14,082	14,003	14,011	13,714
Single Parent, One Child	14,652	15,793	17,693	18,131	18,462	18,435	18,450	17,110
Couple, Two Children	18,237	19,930	23,214	23,652	24,167	24,107	23,905	22,032
MANITOBA								
Single Employable	8,117	8,427	8,533	8,432	8,605	8,465	7,881	7,724
Person with a Disability		9,163	9,041	8,893	10,935	9,848	9,772	9,564
Single Parent, One Child	12,540	12,298	12,144	11,944	13,230	11,869	11,775	11,525
Couple, Two Children	19,000	19,958	21,465	21,478	22,105	20,155	20,510	20,062
SASKATCHEWAN								
Single Employable	6,795	6,804	6,648	6,452	6,697	7,050	7,039	6,889
Person with a Disability		11,088	10,733	10,322	10,230	10,135	10,118	9,903
Single Parent, One Child	13,942	13,898	13,497	12,995	12,848	12,706	12,686	12,416
Couple, Two Children	19,558	19,284	18,717	17,996	18,295	18,045	18,086	17,704
ALBERTA								
Single Employable	9,669	6,724	6,412	6,975	7,027	6,624	5,778	5,655
Person with a Disability		8,316	7,930	8,353	8,298	8,056	8,026	7,879
Single Parent, One Child	14,157	12,608	12,023	12,621	12,590	12,088	11,233	10,994
Couple, Two Children	21,049	18,577	17,714	19,534	19,557	18,837	17,685	17,488
BRITISH COLUMBIA								
Single Employable	6,906	7,582	7,748	7,628	7,860	7,886	8,084	7,938
Person with a Disability		10,464	10,819	10,573	11,035	11,110	11,371	11,167
Single Parent, One Child	12,438	13,698	13,836	13,562	14,171	14,222	14,574	14,309
Couple, Two Children	16,988	17,108	17,219	16,826	17,929	18,036	18,584	18,249

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
7,749	7,670	7,597	7,471	7,272	7,087	6,934	6,749	6,753	0.1%
13,495	13,278	13,152	12,934	12,590	12,269	12,005	11,684	11,686	0.0%
14,053	13,852	13,371	12,714	12,180	11,622	11,211	10,809	10,784	-0.2%
18,159	17,901	17,142	16,097	15,278	14,394	13,763	13,194	13,044	-1.1%
7,144	6,198	6,139	6,037	5,876	5,727	5,604	5,454	5,572	2.1%
9,412	9,261	9,172	9,099	8,912	8,685	8,498	8,271	8,337	0.8%
11,342	11,158	10,706	10,085	9,850	10,019	10,089	9,819	9,636	-1.9%
17,976	16,619	15,682	14,649	14,106	13,746	13,453	13,637	14,151	3.6%
6,780	6,105	6,066	6,249	6,204	6,176	6,081	6,053	5,955	-1.6%
10,028	8,959	8,958	9,204	9,067	9,014	8,832	8,750	8,714	-0.4%
12,218	12,022	10,653	10,697	10,381	10,059	9,703	9,297	9,068	-2.5%
17,423	16,143	15,527	15,512	14,783	14,265	13,691	13,215	12,941	-2.1%
5,565	5,507	5,533	5,441	5,297	5,162	5,051	4,916	4,824	-1.9%
7,754	7,661	7,667	7,736	8,103	7,897	7,727	7,663	7,620	-0.6%
10,818	10,732	10,534	10,241	9,847	9,353	8,968	8,849	8,784	-0.7%
17,210	17,013	16,593	15,774	15,231	14,365	13,687	13,421	13,271	-1.1%
7,216	7,100	7,032	6,916	6,787	6,689	6,545	6,348	6,230	-1.9%
10,990	10,812	10,710	10,532	10,337	10,189	9,970	9,728	9,547	-1.9%
14,082	13,796	13,318	12,669	12,249	11,880	11,039	10,560	10,311	-2.4%
17,959	17,553	16,807	15,783	15,099	14,481	13,582	12,801	12,447	-2.8%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
YUKON								
Single Employable	8,206	9,913	10,027	9,866	9,837	9,663	9,648	9,442
Person with a Disability		11,089	11,149	10,928	10,884	10,692	10,674	11,236
Single Parent, One Child	14,738	16,386	16,479	16,344	16,338	16,049	16,023	15,682
Couple, Two Children	22,580	24,598	24,422	24,428	24,627	24,192	24,153	23,639
NORTHWEST TERRITORIES								
Single Employable						13,836	13,813	13,520
Person with a Disability						15,672	15,646	15,314
Single Parent, One Child						23,457	23,418	22,920
Couple, Two Children						27,760	27,759	27,168
NUNAVUT								
Single Employable								
Person with a Disability								
Single Parent, One Child								
Couple, Two Children								

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
9,292	12,674	12,554	12,346	12,018	12,888	12,716	12,376	12,145	-1.9%
11,058	14,411	14,274	14,038	13,665	14,493	14,286	13,904	13,645	-1.9%
15,433	19,066	18,538	18,127	17,441	17,921	17,447	16,875	16,526	-2.1%
23,263	27,462	26,622	25,408	24,346	24,439	23,935	23,120	22,901	-1.0%
13,217	8,338	8,557	9,587	9,332	9,342	12,030	12,753	12,560	-1.5%
15,335	11,047	11,011	12,000	11,681	11,867	15,527	16,421	16,160	-1.6%
22,450	19,635	19,417	20,440	19,692	19,071	19,244	18,685	18,291	-2.2%
26,595	26,341	26,365	26,815	25,697	24,633	24,809	24,132	24,101	-0.1%
			11,492	11,186	10,901	10,625	10,442	10,430	-0.1%
			13,861	13,492	13,148	12,866	12,725	12,670	-0.4%
			29,002	28,026	27,532	26,725	18,787	18,392	-2.1%
			34,298	32,981	33,464	32,325	31,815	31,596	-0.7%

In Nunavut, all four household types experienced a slight decrease: 0.1 percent for the single employable, 0.4 percent for the disabled person and 0.7 percent for the couple and 2.1 percent for the single parent. This reflects the increasing cost of living that was not sufficiently compensated by the increase to one component of provincial welfare rates in June 2004. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the National Child Benefit. The supplement was slightly less than the supplement to families in other jurisdictions due to higher family welfare incomes in Nunavut. As a result, the territorial clawback was slightly smaller.

THE LONGER VIEW

Over the longer term, cuts rather than increases in welfare benefits have been the order of the day in most provinces and territories. Deliberate cuts from time to time, combined with the lack of annual cost-of-living adjustments in welfare rates, have resulted in falling incomes year after year. Many of the provincial and territorial benefits shown in the previous table for 2004 were all-time lows since the National Council of Welfare started doing calculations in 1986 and 1989.

Table 4.2 illustrates the extent of the cuts that welfare recipients have suffered in recent years. For each of the four household types in each jurisdiction, it identifies the year in which provincial or territorial benefits were at their peak and the amount of benefits received in the peak year. The table then shows the comparable provincial and territorial benefits received in 2004 and the losses over time in both dollar and percentage terms.

For example, a single employable person in Prince Edward Island got provincial benefits of \$10,039 in the peak year of 1986 and a comparable benefit of \$5,988 in 2004. That represented a loss in dollars of \$4,051 or a drop in income of 67.7 percent.

All the dollar amounts in Table 4.2 are in 2004 constant dollars to factor out the effects of inflation.

Some of the biggest losses in the table were among the single parents and two-parent families with children. Some of the losses relate directly to provincial and territorial clawbacks of the National Child Benefit Supplement. The losses due to the clawback were offset at least in part by increases in the NCB supplement from the federal government.

Two shocking facts are evident in the table. The first is that the vast majority of benefits peaked many years ago. Forty of the 52 yearly calculations in the table had peak years in 1994 or earlier. That suggests that the notion of keeping welfare recipients very poor is deeply ingrained in the modern-day political psyche almost everywhere in Canada.

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
NEWFOUNDLAND AND LABRADOR					
Single Employable	2002	\$7,517	\$7,180	-\$337	-4.7%
Person with a Disability	1989	\$10,508	\$8,680	-\$1,828	-21.1%
Single Parent, One Child	1992	\$13,953	\$11,761	-\$2,192	-18.6%
Couple, Two Children	1986	\$15,676	\$12,658	-\$3,018	-23.8%
PRINCE EDWARD ISLAND					
Single Employable	1986	\$10,039	\$5,988	-\$4,051	-67.7%
Person with a Disability	1989	\$11,311	\$8,964	-\$2,347	-26.2%
Single Parent, One Child	1986	\$13,838	\$10,077	-\$3,761	-37.3%
Couple, Two Children	1992	\$20,314	\$15,101	-\$5,213	-34.5%
NOVA SCOTIA					
Single Employable	1989	\$8,232	\$4,992	-\$3,240	-64.9%
Person with a Disability	1989	\$10,836	\$8,592	-\$2,244	-26.1%
Single Parent, One Child	1989	\$13,171	\$9,217	-\$3,954	-42.9%
Couple, Two Children	1989	\$16,755	\$12,784	-\$3,971	-31.1%
NEW BRUNSWICK					
Single Employable	1989	\$3,937	\$3,168	-\$769	-24.3%
Person with a Disability	1989	\$10,315	\$6,696	-\$3,619	-54.1%
Single Parent, One Child	1997	\$11,395	\$9,922	-\$1,473	-14.8%
Couple, Two Children	1998	\$12,998	\$11,328	-\$1,670	-14.7%
QUEBEC					
Single Employable	1993	\$7,491	\$6,669	-\$822	-12.3%
Person with a Disability	1994	\$9,884	\$9,645	-\$239	-2.5%
Single Parent, One Child	1994	\$14,087	\$10,910	-\$3,177	-29.1%
Couple, Two Children	1993	\$16,744	\$12,738	-\$4,006	-31.5%

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
ONTARIO					
Single Employable	1992	\$10,200	\$6,753	-\$3,447	-51.0%
Person with a Disability	1992	\$14,082	\$11,686	-\$2,396	-20.5%
Single Parent, One Child	1992	\$18,462	\$10,784	-\$7,678	-71.2%
Couple, Two Children	1992	\$24,167	\$13,044	-\$11,123	-85.3%
MANITOBA					
Single Employable	1992	\$8,605	\$5,572	-\$3,033	-54.4%
Person with a Disability	1992	\$10,935	\$8,337	-\$2,598	-31.2%
Single Parent, One Child	1992	\$13,230	\$9,636	-\$3,594	-37.3%
Couple, Two Children	1992	\$22,105	\$14,151	-\$7,954	-56.2%
SASKATCHEWAN					
Single Employable	1993	\$7,050	\$5,955	-\$1,095	-18.4%
Person with a Disability	1989	\$11,088	\$8,714	-\$2,374	-27.2%
Single Parent, One Child	1986	\$13,942	\$9,068	-\$4,874	-53.7%
Couple, Two Children	1986	\$19,558	\$12,941	-\$6,617	-51.1%
ALBERTA					
Single Employable	1986	\$9,669	\$4,824	-\$4,845	-100.4%
Person with a Disability	1991	\$8,353	\$7,620	-\$733	-9.6%
Single Parent, One Child	1986	\$14,157	\$8,784	-\$5,373	-61.2%
Couple, Two Children	1986	\$21,049	\$13,271	-\$7,778	-58.6%
BRITISH COLUMBIA					
Single Employable	1994	\$8,084	\$6,230	-\$1,854	-29.8%
Person with a Disability	1994	\$11,371	\$9,547	-\$1,824	-19.1%
Single Parent, One Child	1994	\$14,574	\$10,311	-\$4,262	-41.3%
Couple, Two Children	1994	\$18,584	\$12,447	-\$6,137	-49.3%

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
YUKON					
Single Employable	2001	\$12,888	\$12,145	-\$743	-6.1%
Person with a Disability	2001	\$14,493	\$13,645	-\$848	-6.2%
Single Parent, One Child	1997	\$19,066	\$16,526	-\$2,540	-15.4%
Couple, Two Children	1997	\$27,462	\$22,901	-\$4,561	-19.9%
NORTHWEST TERRITORIES					
Single Employable	1993	\$13,836	\$12,560	-\$1,276	-10.2%
Person with a Disability	2003	\$16,421	\$16,160	-\$261	-1.6%
Single Parent, One Child	1993	\$23,457	\$18,291	-\$5,166	-28.2%
Couple, Two Children	1993	\$27,760	\$24,101	-\$3,660	-15.2%
NUNAVUT					
Single Employable	1999	\$11,492	\$10,430	-\$1,062	-10.2%
Person with a Disability	1999	\$13,861	\$12,670	-\$1,191	-9.4%
Single Parent, One Child	1999	\$29,002	\$18,392	-\$10,610	-57.7%
Couple, Two Children	1999	\$34,298	\$31,596	-\$2,702	-8.6%

The second shocking fact concerns the size of the cuts in provincial and territorial benefits. Welfare recipients have always been among the poorest of the poor in Canada, yet they have seen their welfare benefits decline by substantial amounts over the years. The harshest loss in dollar terms was \$11,123 for the couple with two children in Ontario between 1992 and 2004. The sharpest drop in percentage terms was 100.4 percent for the single employable person in Alberta between 1986 and 2004.

There were losses of \$4,000 or more for 15 cases of the households in Table 4.2, and losses of 30 percent or more in 23 cases of the households. Most Canadians would find it difficult to cope if they lost \$4,000 or 30 percent of their incomes. Coping is even harder for Canadians at the bottom end of the income ladder given their already meagre income.

Some of the smaller losses in the table were in Newfoundland, New Brunswick and Quebec, three provinces that traditionally had low welfare rates. Some of the other smaller losses occurred in the North, where the cost of living and welfare rates have both been relatively high.

THE EFFECTS OF THE CLAWBACK

Over the longer term, the clawback of the National Child Benefit Supplement has had perverse effects on total welfare incomes. As the NCBS increased year by year, the amount of money clawed back by provinces and territories also increased and the portion of welfare incomes actually paid by provincial and territorial governments decreased.

In effect, the clawback was a back-door way of transferring money from the federal government to the provinces and territories to help defray the costs of welfare. Under those conditions, provinces and territories had absolutely no incentive to put in any more of their own money by way of increases in welfare rates.

Figures 4.1 through 4.26 show the shifts in funding patterns for welfare over the years, particularly since the start of the National Child Benefit in 1998. The federal contribution to total welfare incomes through federal child benefits and GST/HST Credit, represented by the black portion of each of the bars in the charts, got progressively and more noticeably larger starting in 1998. Provincial and territorial contributions to total welfare incomes, represented by the white portion of each of the bars, got smaller and smaller. With few exceptions, the result has been that welfare recipients – the poorest of Canada's poor – have seen their total incomes stagnate or decline.

The National Child Benefit was launched on July 1, 1998, and 1999 was the first full year for the new system of child benefits. In most provinces and territories, the federal share of welfare incomes for the couple with two children rose from \$4,329 in 1999 to \$5,811 in 2004, an increase of 34 percent or \$1,482 after adjusting for inflation. Most of the increase was due to increases in child benefits and a bit to increases in the GST/HST Credit. The increases in Alberta and the three territories were comparable in size, even if slightly smaller.

Meanwhile, there were freezes and cuts in the benefits provided by provincial and territorial governments that more or less offset the increases from the federal government.

Two-parent families with children on welfare in Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia, and the three territories wound up with lower total incomes in 2004 than they had in 1999. Couples with children in Newfoundland and Labrador gained \$62, and couples in New Brunswick gained a mere \$27. The increases in the three remaining provinces were more substantial: \$378 in Quebec, \$834 in Prince Edward Island, and \$984 in Manitoba.

The situation was much the same for single parents on welfare. There was a significant increase in federal support and cuts or freezes in provincial and territorial support. Single parents wound up with lower total welfare incomes, with only two exceptions. The single-parent family in Prince Edward Island gained \$380 between 1999 and 2004, and the single parent in Manitoba gained \$325.

All in all, it was a dismal record. Despite all the glowing rhetoric from the federal government about the National Child Benefit and a very real increase in federal funding, the fact remains that many of the families on welfare were worse off in 2004 than they were five years earlier. This was a big step backwards in the fight against child poverty.

**Figure 4.1: Newfoundland & Labrador Welfare Income,
Single Parent, One Child (2004 dollars)**

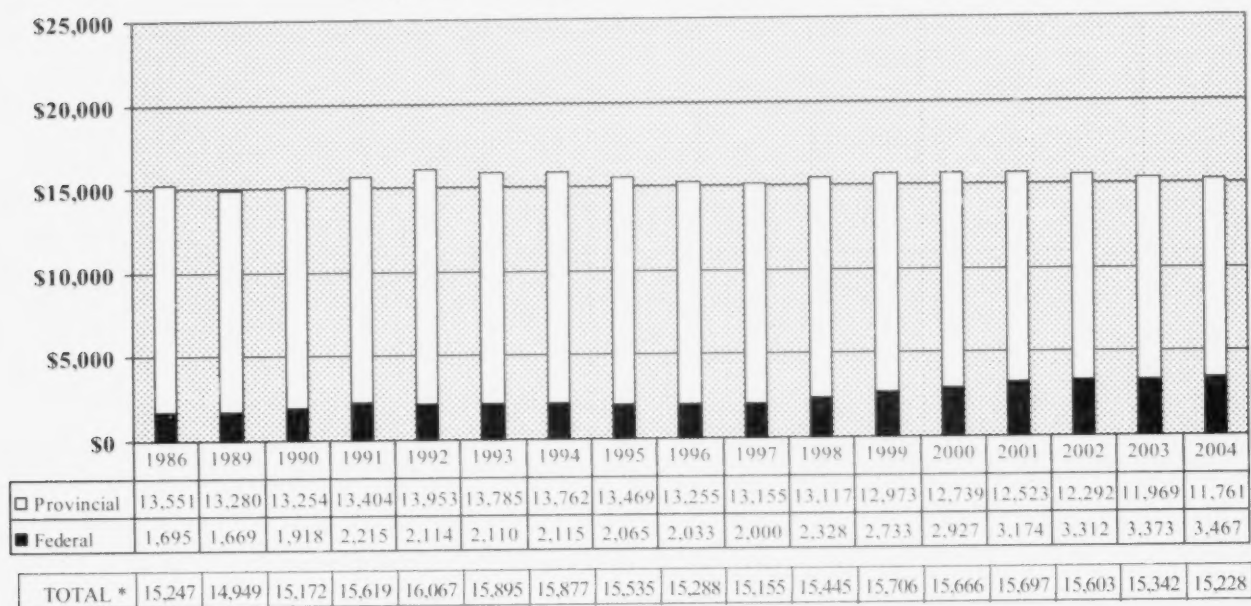
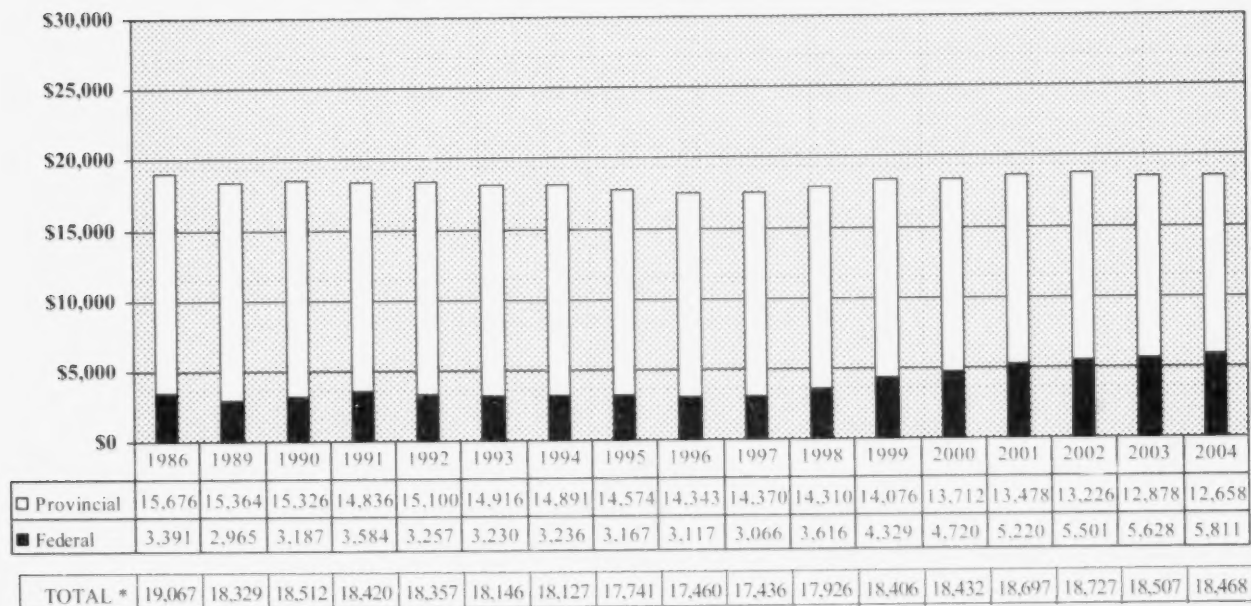


**Figure 4.2: Newfoundland & Labrador Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.3: Prince Edward Island Welfare Income,
Single Parent, One Child (2004 dollars)**

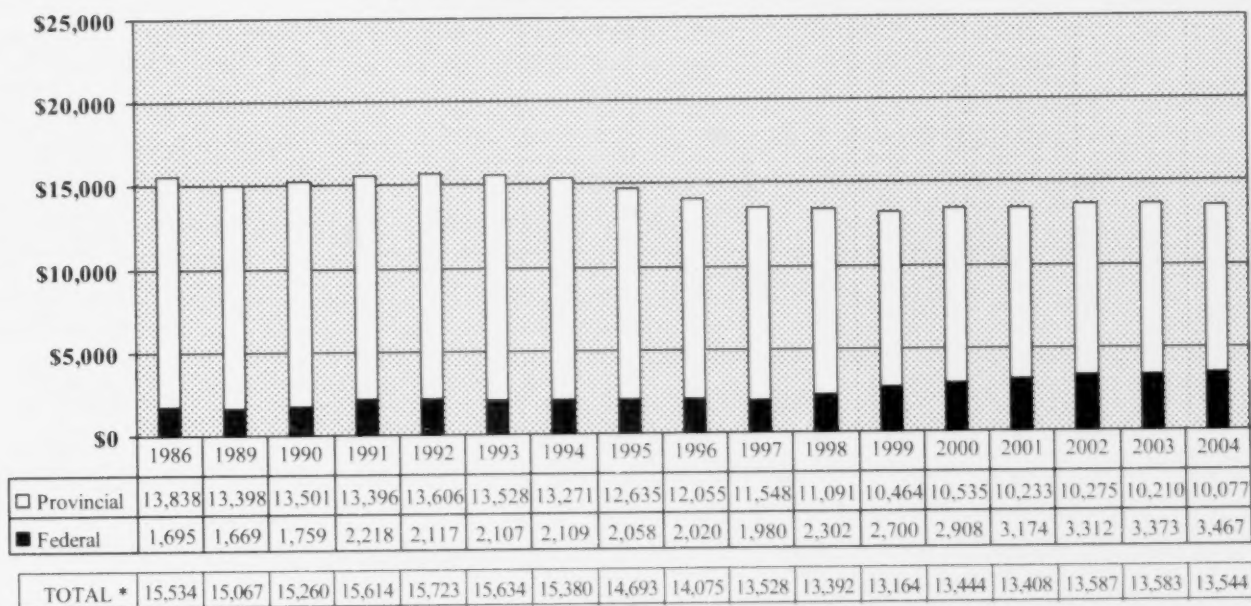
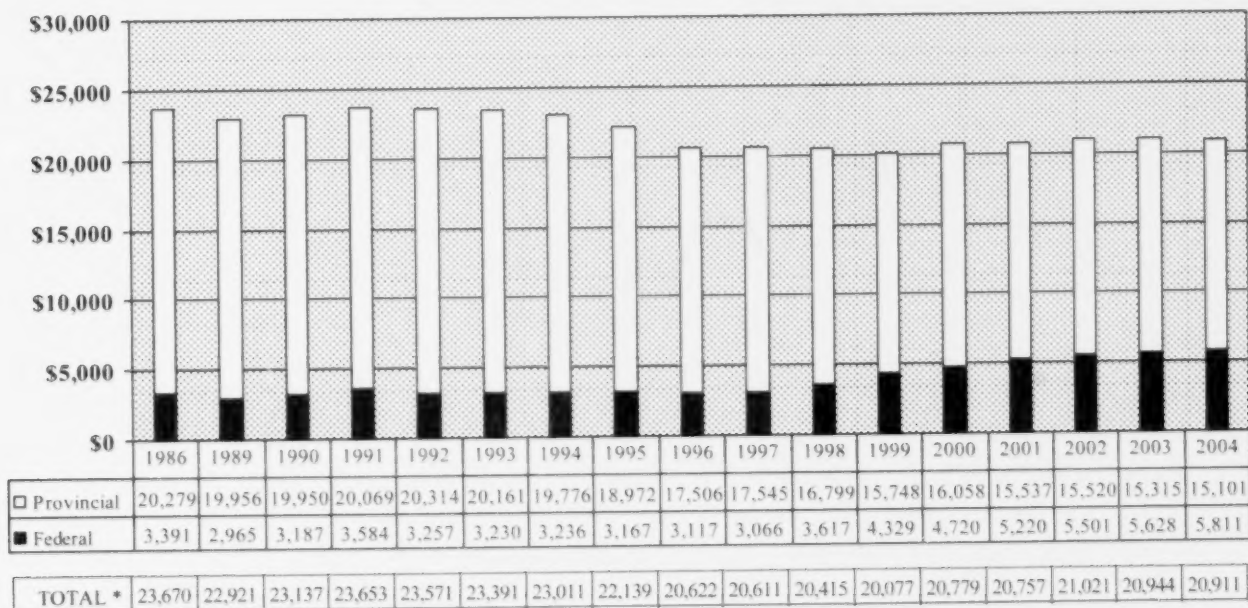


**Figure 4.4: Prince Edward Island Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.5: Nova Scotia Welfare Income,
Single Parent, One Child (2004 dollars)**

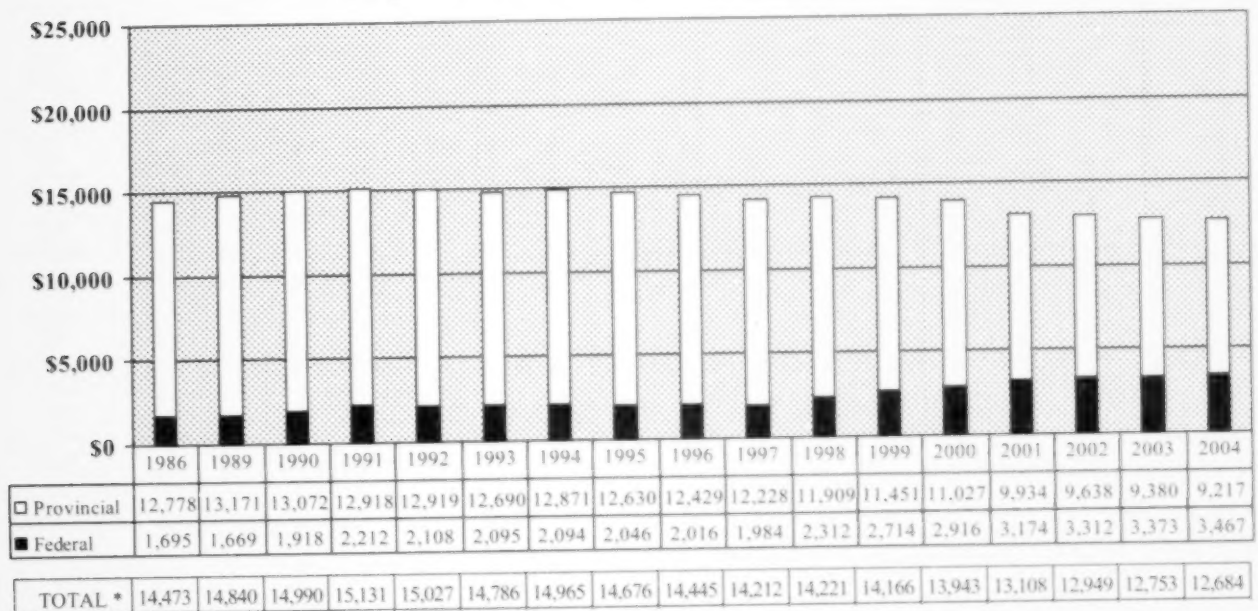
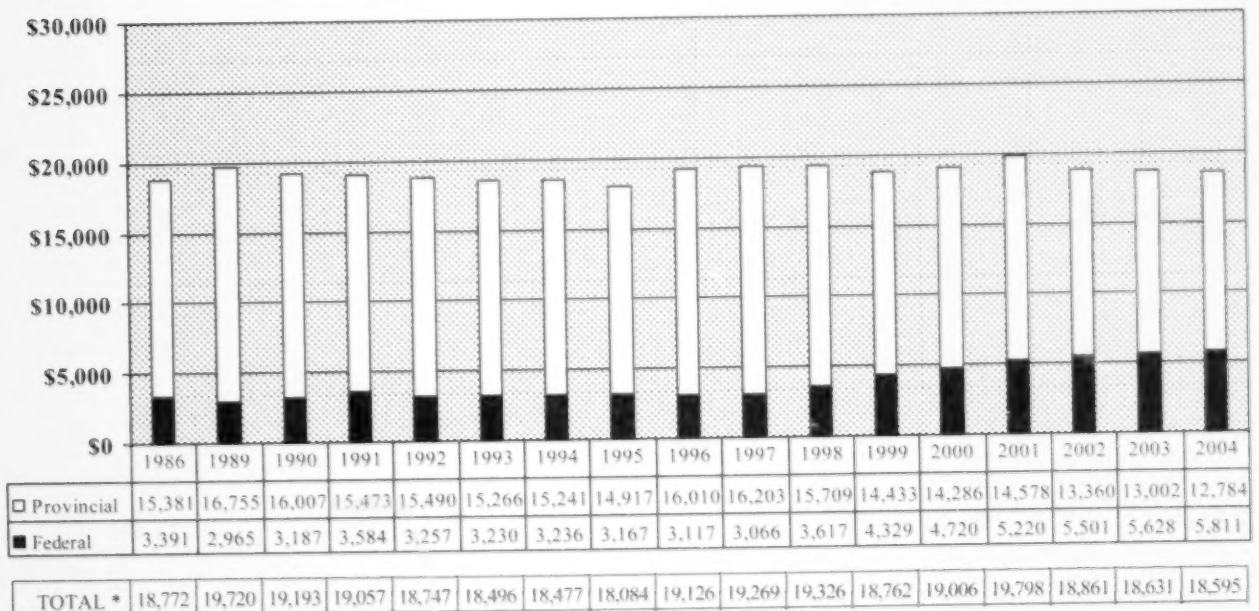


**Figure 4.6: Nova Scotia Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.7: New Brunswick Welfare Income,
Single Parent, One Child (2004 dollars)**

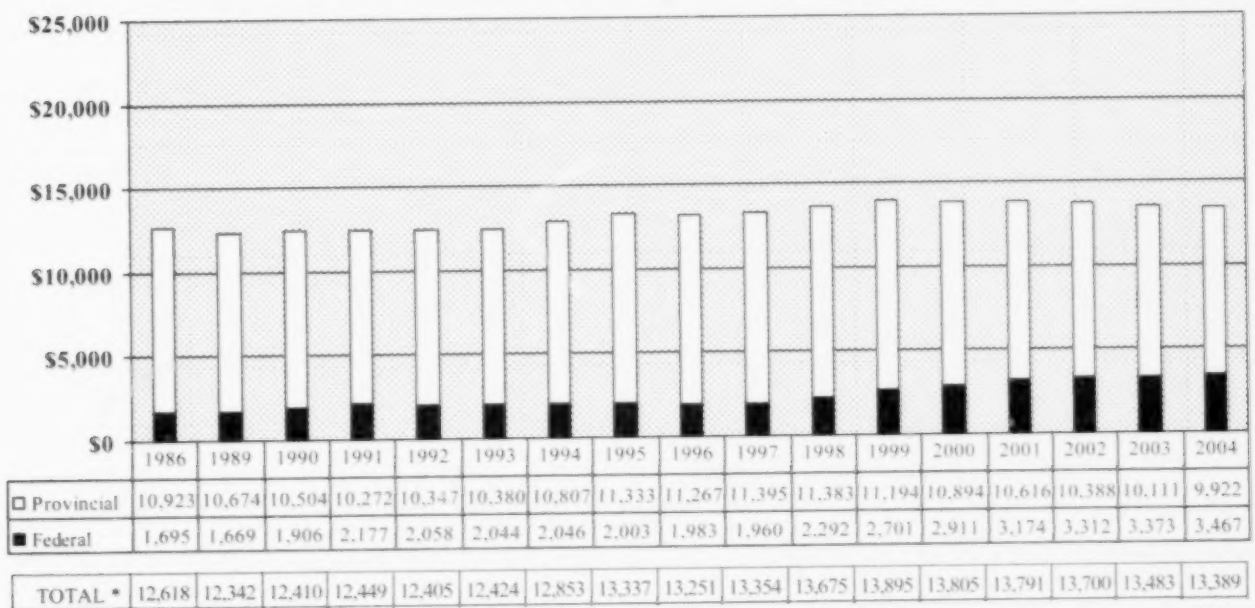
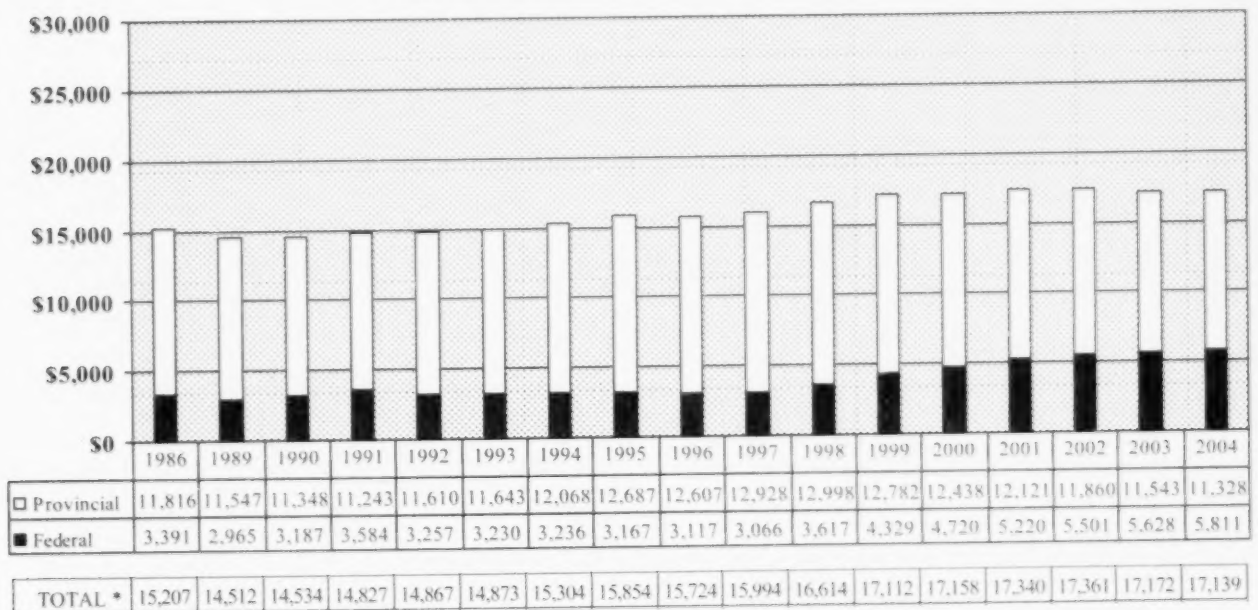


**Figure 4.8: New Brunswick Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.9: Quebec Welfare Income,
Single Parent, One Child (2004 dollars)**

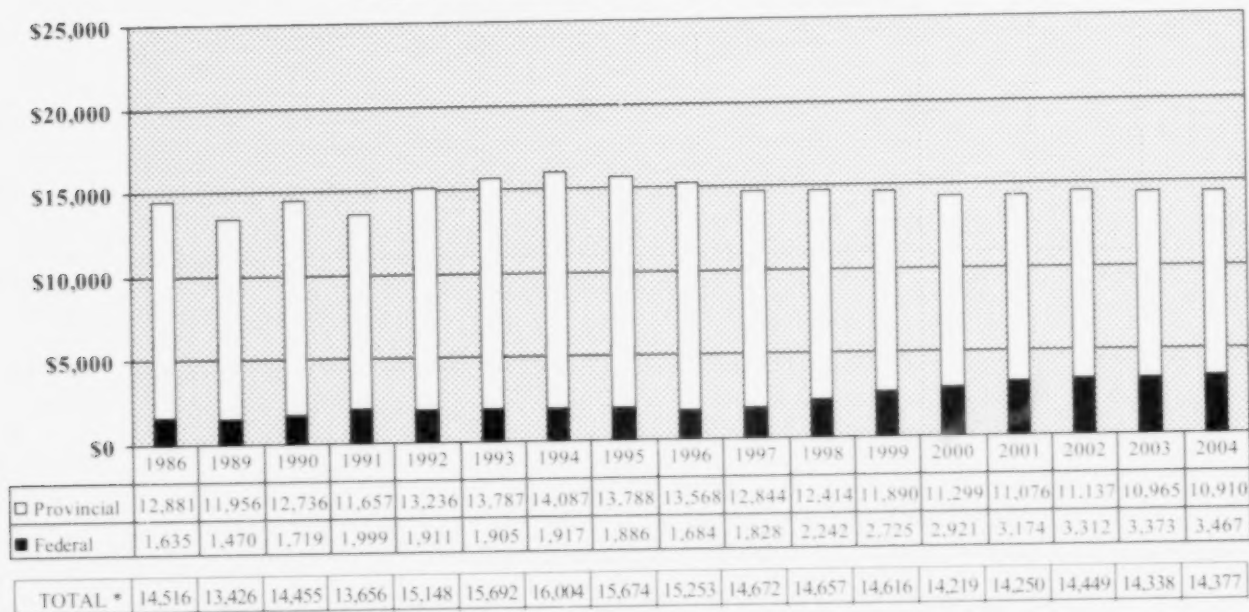
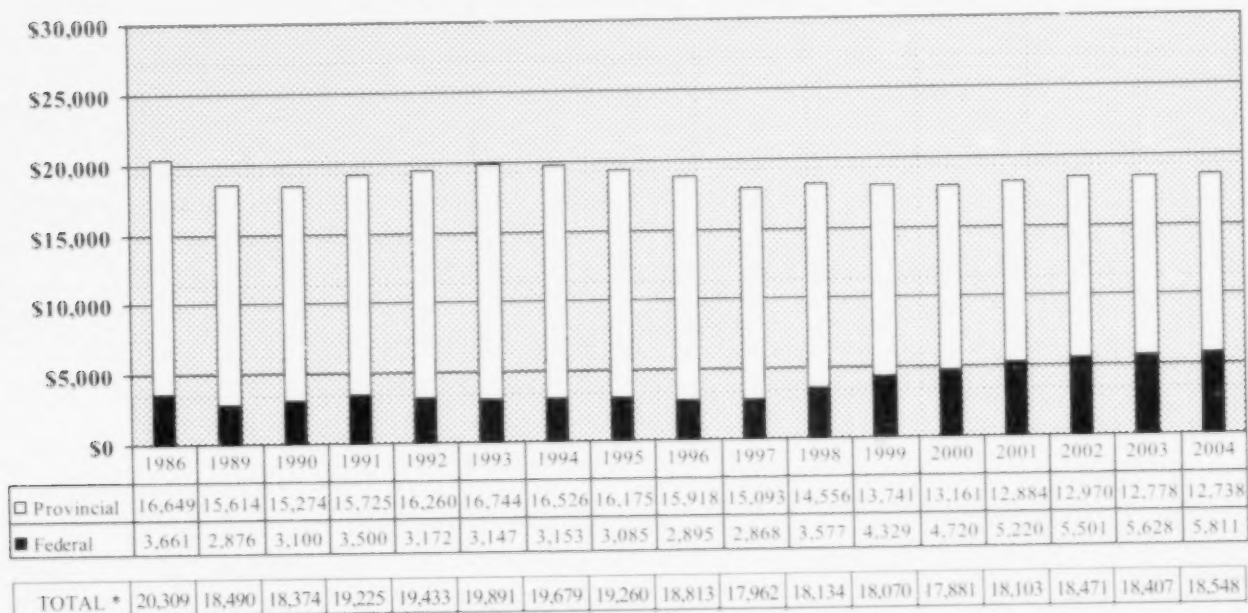


**Figure 4.10: Quebec Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.11: Ontario Welfare Income,
Single Parent, One Child (2004 dollars)**

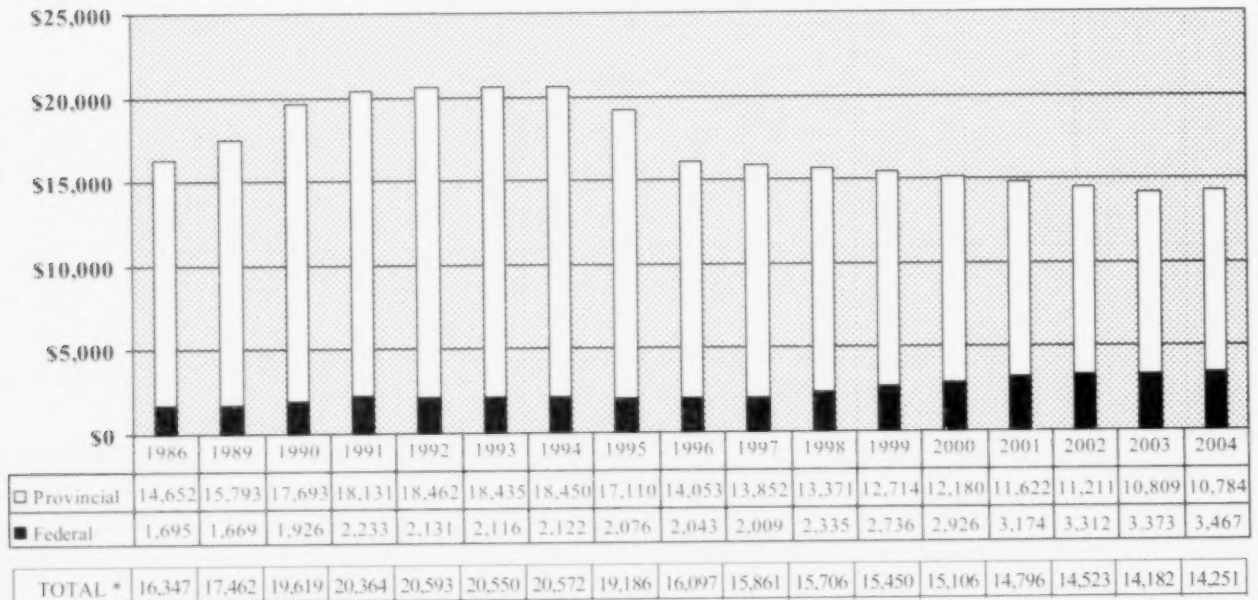
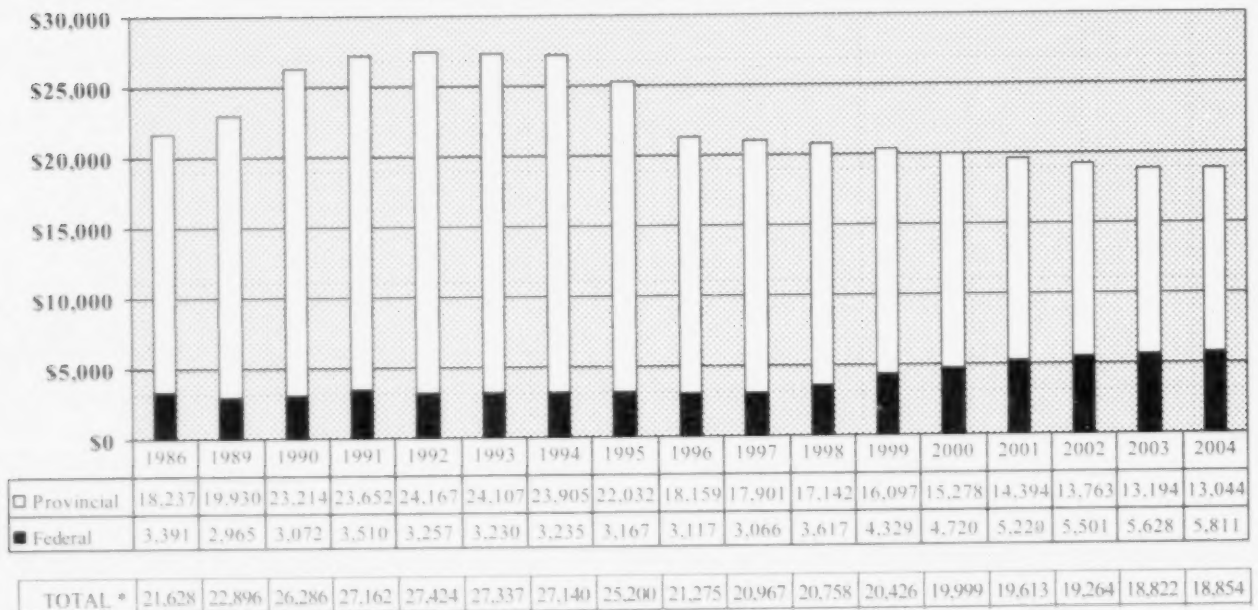


**Figure 4.12: Ontario Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.13: Manitoba Welfare Income,
Single Parent, One Child (2004 dollars)**

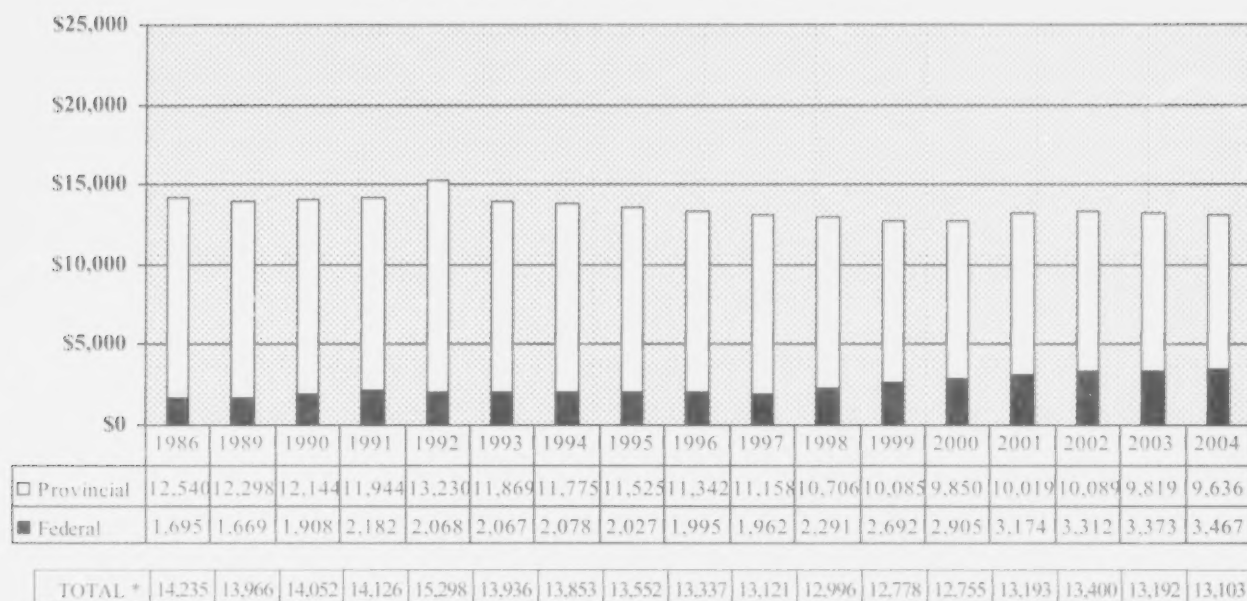
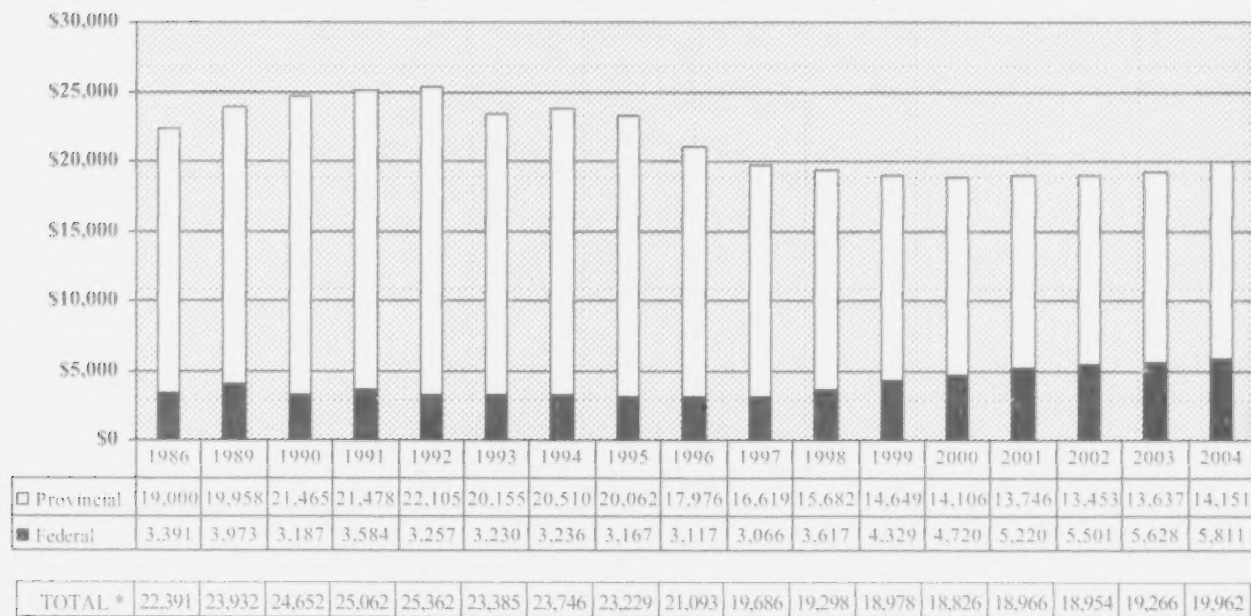


**Figure 4.14: Manitoba Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.15: Saskatchewan Welfare Income,
Single Parent, One Child (2004 dollars)**

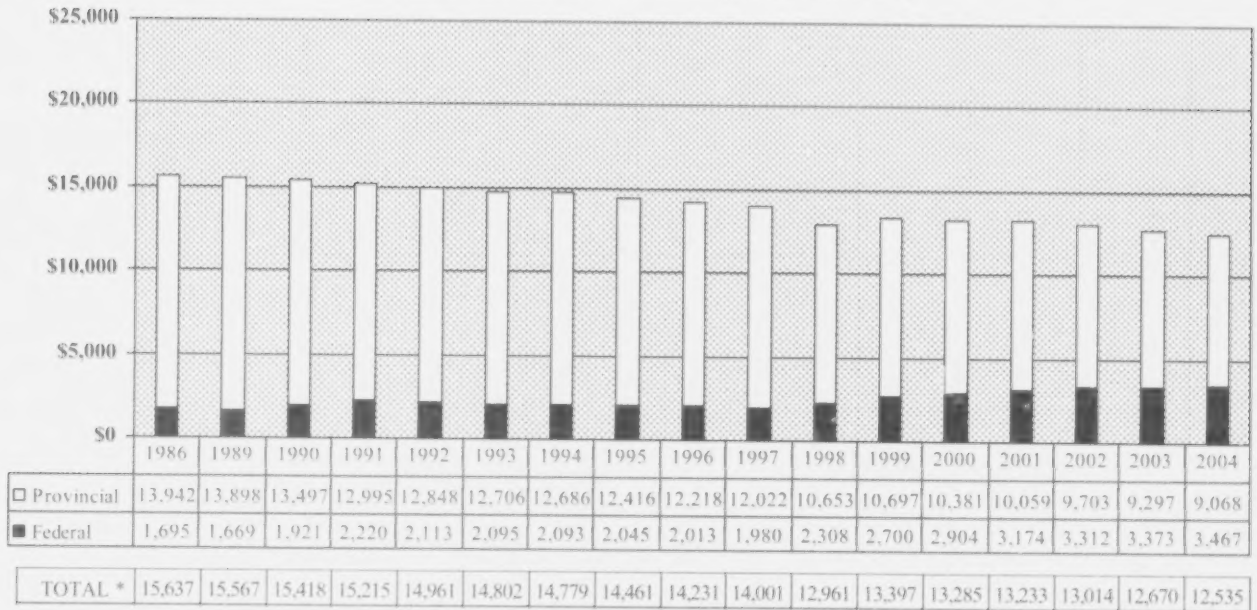
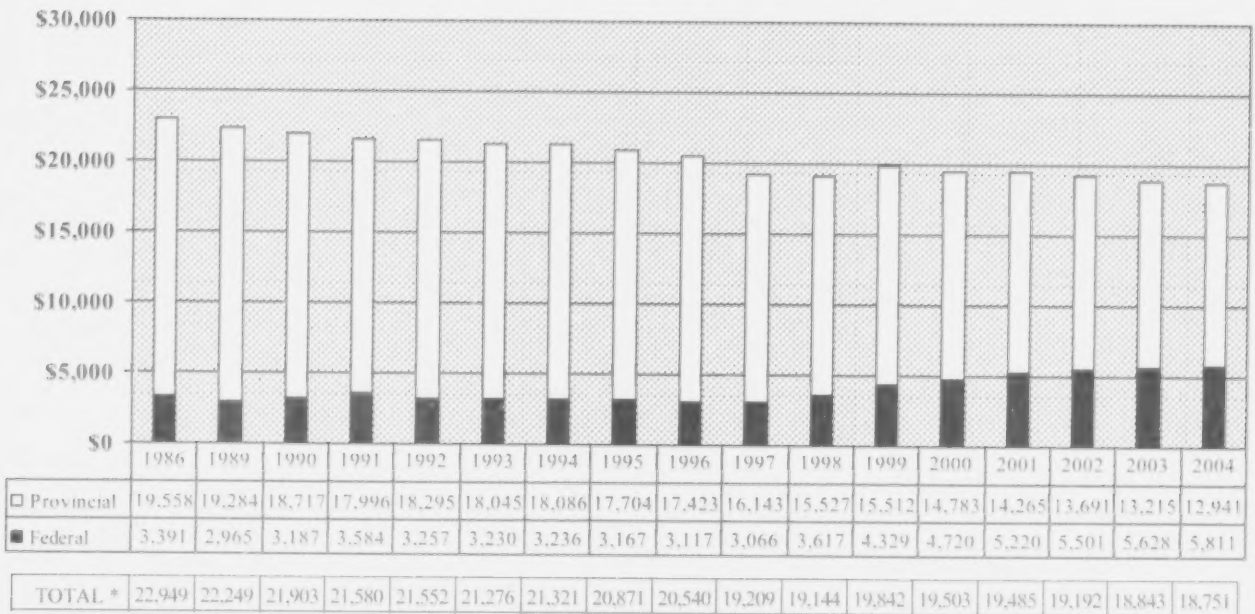


**Figure 4.16: Saskatchewan Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.17: Alberta Welfare Income,
Single Parent, One Child (2004 dollars)**

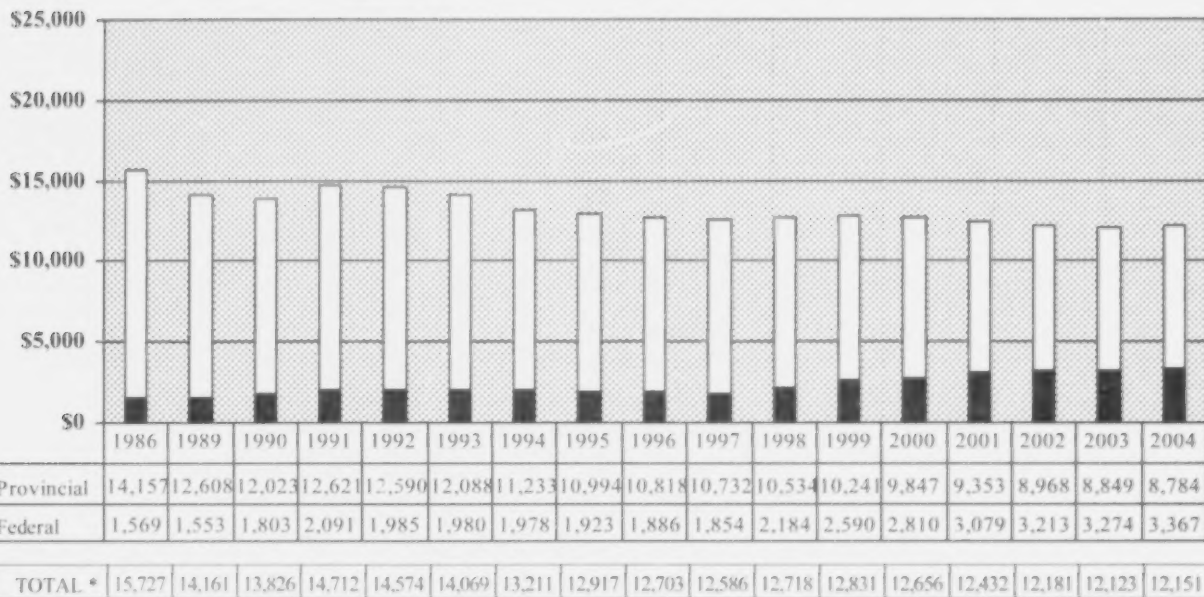
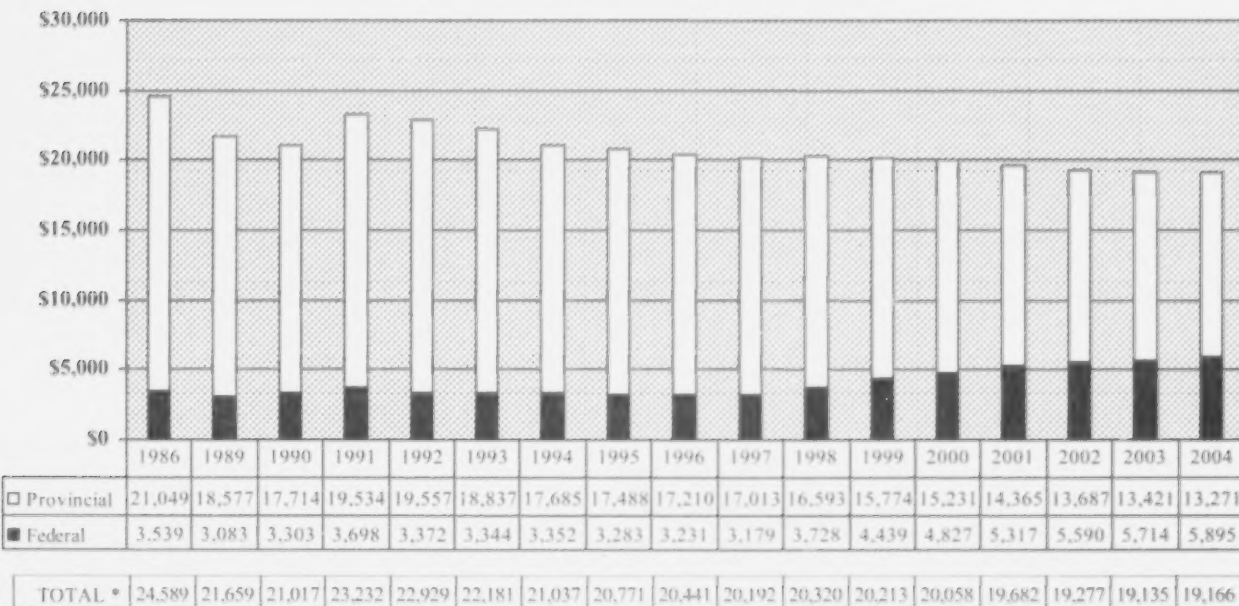


**Figure 4.18: Alberta Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.19: British Columbia Welfare Income,
Single Parent, One Child (2004 dollars)**

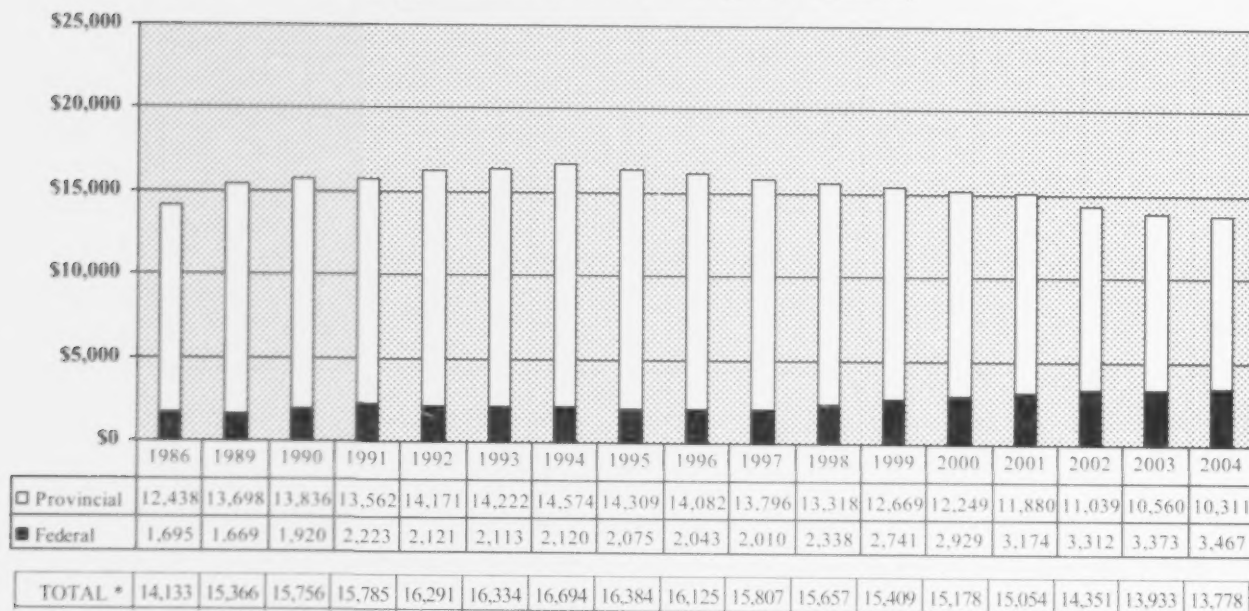
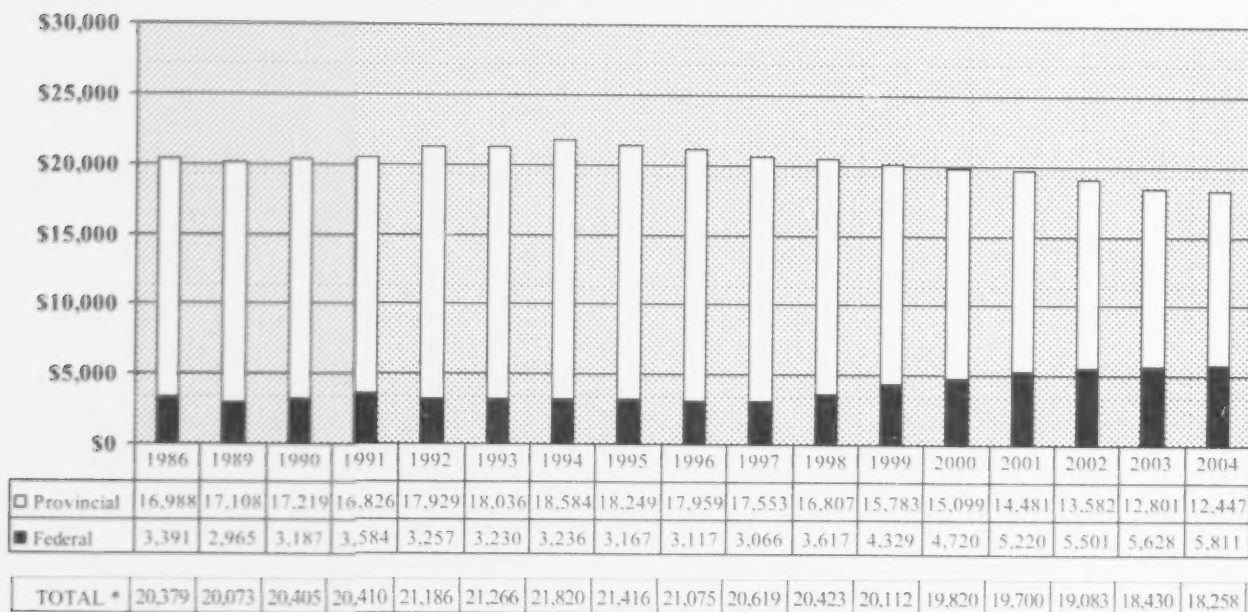


**Figure 4.20: British Columbia Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.21: Yukon Welfare Income,
Single Parent, One Child (2004 dollars)**

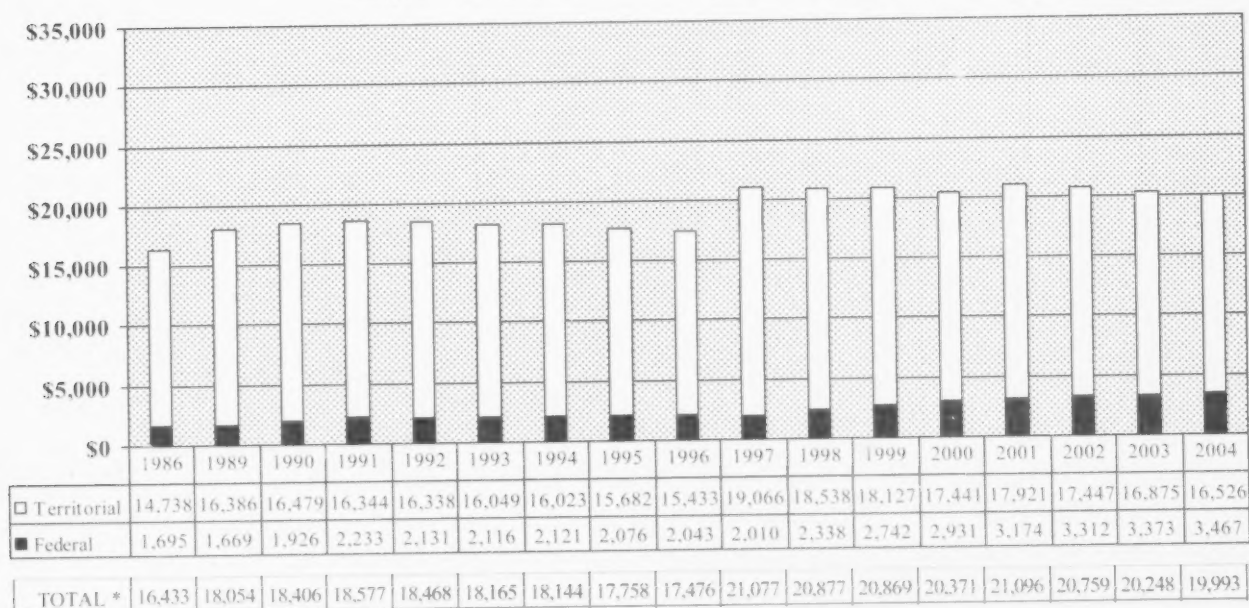
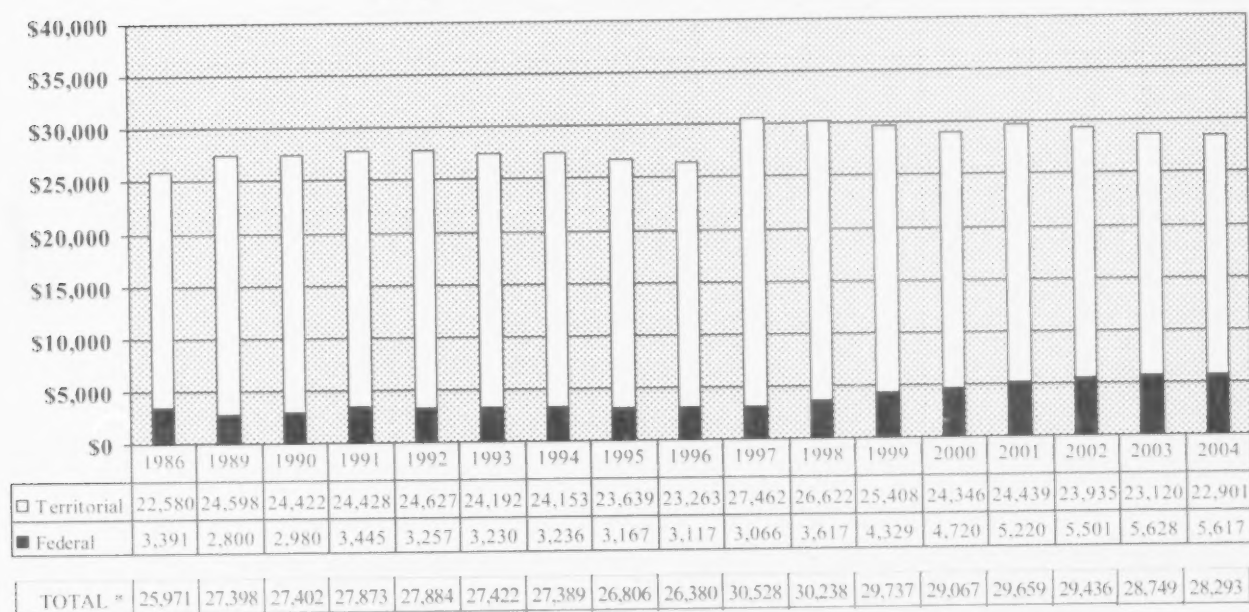


**Figure 4.22: Yukon Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.23: Northwest Territories Welfare Income,
Single Parent, One Child (2004 dollars)**

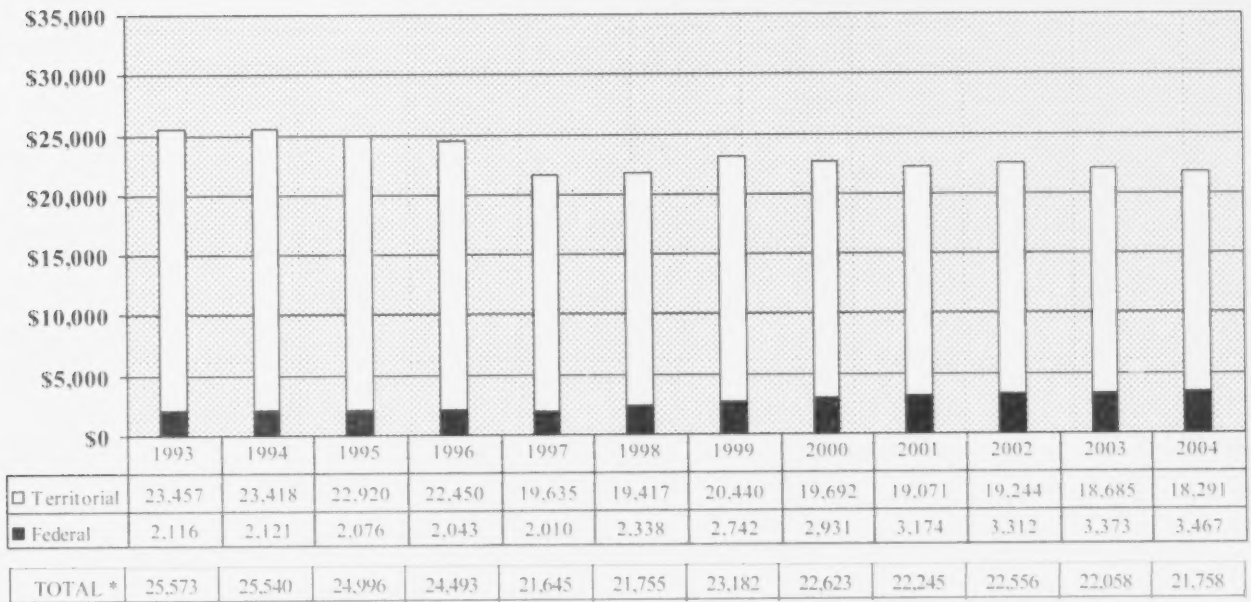
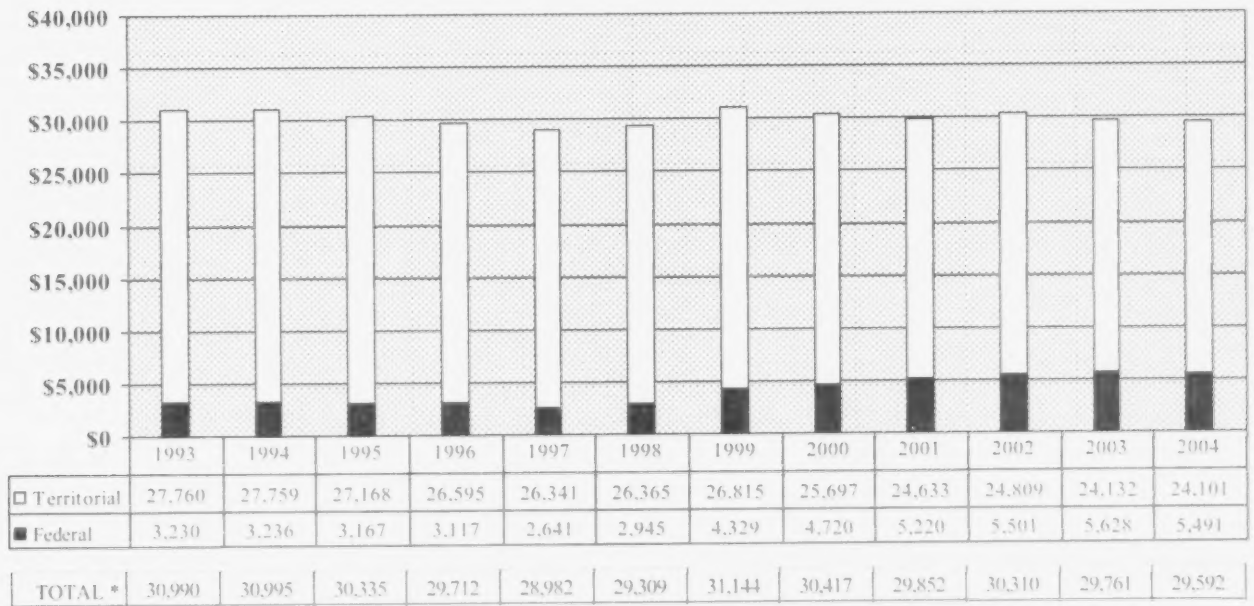


**Figure 4.24: Northwest Territories Welfare Income,
Couple, Two Children (2004 dollars)**



* Due to the effects of rounding, totals may not always add up.

**Figure 4.25: Nunavut Welfare Income,
Single Parent, One Child (2004 dollars)**

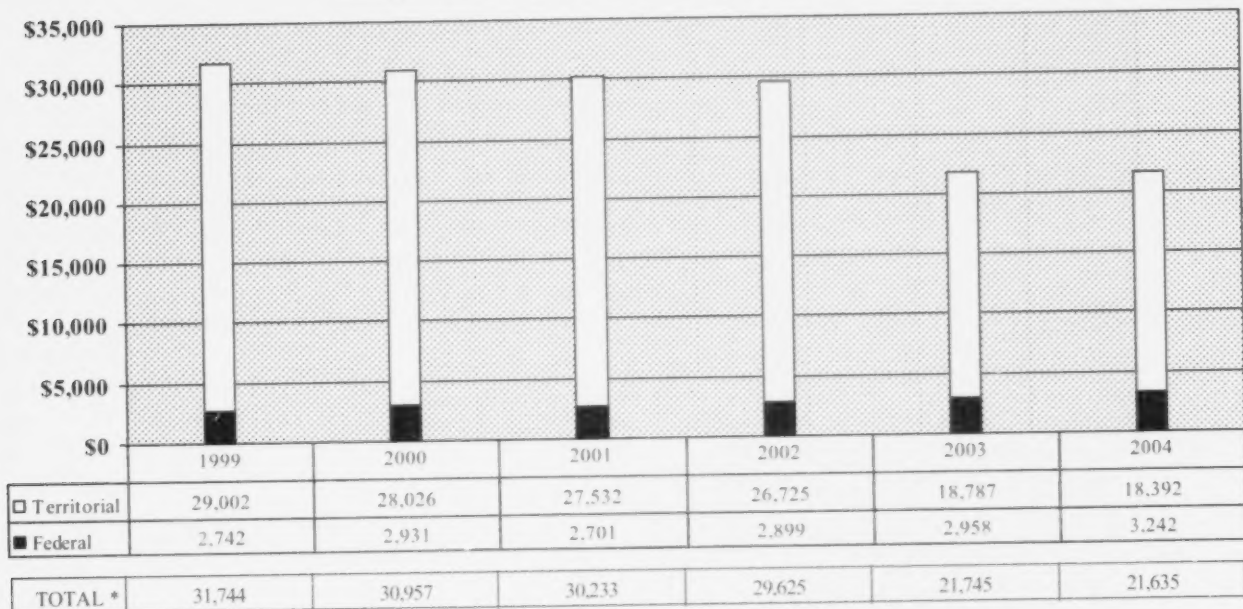
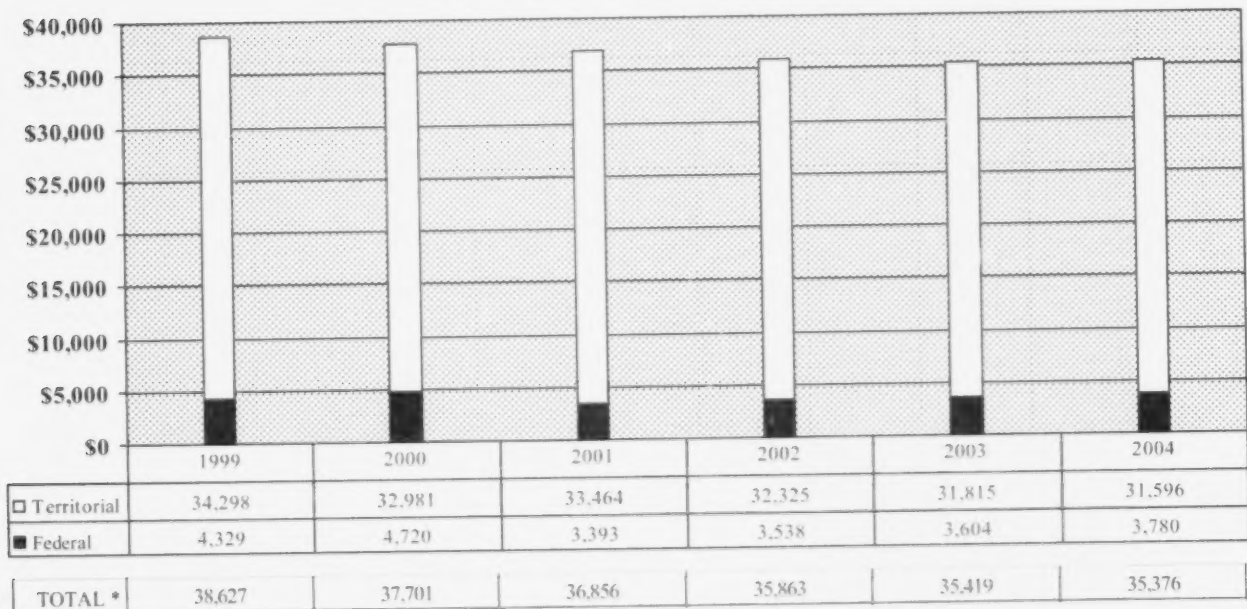


**Figure 4.26: Nunavut Welfare Income,
Couple, Two Children (2004 dollars)**



*** Due to the effects of rounding, totals may not always add up.**

V. TOTAL WELFARE INCOMES AND POVERTY OVER TIME

Governments used to talk about providing help to people most in need, but they abandoned that approach in the late 1980s and early 1990s as they tried to bring their deficits under control.

Until April 1, 1996, the federal government supported welfare in a cost-sharing arrangement with the provinces and territories through the Canada Assistance Plan or CAP. The federal government started cutting its support for CAP in 1990 and eventually killed it in 1996. CAP was replaced with block funding arrangements and cuts in transfer payments to the provinces and territories at the same time.

Under the current version of block funding, federal money for post-secondary education and welfare comes from a fund known as the Canada Social Transfer. There have been increases in CST funding in recent years, and it appears that the money now is more or less what it was before the worst of the cuts.

It is far from clear, however, how much of the CST money from the federal government is spent on welfare rather than post-secondary education. What is clear is that welfare incomes are far lower in most provinces and territories than they were a decade or so ago.

While the federal government turned its back on welfare, so did many provinces and territories. Some of the cuts were part of larger efforts to control government spending or reduce the size of government. Others were the work of governments that had little use for welfare as the social safety net of last resort. Alberta cut welfare rates in 1993 and made a concerted effort to trim the welfare rolls by making welfare much harder to get. Ontario cut rates in 1995 for all categories of recipients except persons with disabilities and seniors. Many other jurisdictions also cut rates, but often with less fanfare than Alberta and Ontario.

The end result of cuts by both levels of government was lower welfare incomes. Incomes that were never adequate in the first instance now became even less adequate.

Table 5.1 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2004 by showing total welfare incomes as a percentage of the poverty line. Total welfare incomes include basic social assistance from provincial government, federal and provincial child benefits, GST and HST Credits and provincial tax credits. The territories are not included in the table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its 1986 calculations, so the figures for people with disabilities begin in 1989.

The column on the far right shows the change from 2003 to 2004 in percentage terms. Total welfare incomes as a percentage of the poverty line fell for all four family types in six provinces. They rose by a small amount in Quebec and Ontario. They also rose for three of the four family types in Manitoba and two of the family types in Alberta.

TABLE 5.1: WELFARE INCOME AS PERCENTAGE (%)

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	33	32	32	33	32	32	32	32
Person with a Disability		64	63	63	60	60	60	58
Single Parent, One Child	68	66	67	69	74	73	73	71
Couple, Two Children	58	56	56	56	56	56	56	55
PRINCE EDWARD ISLAND								
Single Employable	62	66	60	62	58	58	52	40
Person with a Disability		77	70	70	66	65	65	62
Single Parent, One Child	71	75	69	71	73	72	71	68
Couple, Two Children	74	78	71	73	73	72	71	68
NOVA SCOTIA								
Single Employable	44	50	48	47	43	43	43	42
Person with a Disability		66	66	66	61	60	61	60
Single Parent, One Child	64	66	66	67	69	68	69	67
Couple, Two Children	57	60	58	58	58	57	57	56
NEW BRUNSWICK								
Single Employable	22	24	24	25	23	23	23	22
Person with a Disability		63	62	62	58	58	46	45
Single Parent, One Child	56	55	55	55	57	57	59	61
Couple, Two Children	46	44	44	45	46	46	47	49
QUEBEC								
Single Employable	20	31	38	40	38	38	37	36
Person with a Disability		47	49	53	49	49	50	49
Single Parent, One Child	57	54	58	54	60	62	63	62
Couple, Two Children	54	54	59	52	51	53	52	51

OF THE POVERTY LINE, 1986-2004

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003-2004
18	9	9	9	12	20	44	43	42	-1.8
57	57	57	56	55	54	53	52	51	-1.9
70	70	71	72	72	72	72	70	70	-0.7
54	54	55	57	57	57	58	57	57	-0.2
37	37	36	36	37	36	36	36	36	-1.0
57	56	56	55	55	54	54	54	53	-1.3
65	62	62	61	62	62	63	63	63	-0.3
64	64	63	62	64	64	65	65	65	-0.1
41	31	30	29	29	29	31	30	30	-1.5
59	58	58	57	55	51	53	51	50	-1.7
66	65	65	65	64	60	59	58	58	-0.5
59	59	59	58	58	61	58	57	57	-0.2
22	22	22	22	21	21	20	20	19	-1.7
45	45	45	44	43	42	41	40	39	-1.8
61	61	63	64	63	63	63	62	61	-0.7
48	49	51	53	53	53	53	53	53	-0.2
36	35	34	35	34	34	34	34	34	0.1
49	49	50	50	49	49	49	49	49	0.1
60	58	58	58	56	56	57	57	57	0.3
50	48	48	48	47	48	49	49	49	0.8

TABLE 5.1: WELFARE INCOME AS PERCENTAGE (%)

	1986	1989	1990	1991	1992	1993	1994	1995
ONTARIO								
Single Employable	43	47	52	54	51	51	51	48
Person with a Disability		68	72	75	71	71	71	69
Single Parent, One Child	64	68	76	79	81	81	81	76
Couple, Two Children	58	61	70	72	73	72	72	67
MANITOBA								
Single Employable	43	40	46	46	43	43	40	39
Person with a Disability		43	49	49	55	50	49	48
Single Parent, One Child	56	50	54	55	60	55	55	54
Couple, Two Children	60	60	65	67	67	62	63	61
SASKATCHEWAN								
Single Employable	41	42	41	41	40	42	42	37
Person with a Disability		67	65	65	60	59	59	58
Single Parent, One Child	70	69	68	68	69	68	68	66
Couple, Two Children	70	68	66	65	66	65	65	64
ALBERTA								
Single Employable	51	36	35	39	36	34	30	29
Person with a Disability		44	43	60	42	41	41	40
Single Parent, One Child	61	55	53	57	58	56	52	51
Couple, Two Children	66	58	56	62	61	59	56	55
BRITISH COLUMBIA								
Single Employable	37	41	42	40	40	40	41	40
Person with a Disability		56	58	58	56	56	57	56
Single Parent, One Child	55	60	61	62	64	65	66	65
Couple, Two Children	54	53	54	54	56	56	58	57

OF THE POVERTY LINE, 1986-2004

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003-2004
39	39	38	38	37	36	35	34	34	0.1
68	67	66	65	63	62	61	59	59	0.0
64	63	62	61	60	58	57	56	56	0.5
56	55	55	54	53	52	51	50	50	0.2
36	32	31	31	30	29	29	28	28	2.1
48	47	46	46	45	44	43	42	42	0.8
53	52	51	50	50	52	53	52	52	-0.7
56	52	51	50	50	50	50	51	53	3.5
40	36	36	37	37	37	36	36	35	-1.5
59	53	53	54	53	53	52	51	51	-0.4
65	64	59	61	61	61	60	58	57	-1.1
63	59	59	61	60	60	59	58	58	-0.5
29	28	28	28	27	26	26	25	25	-1.8
39	39	39	39	41	40	39	39	39	-0.5
50	50	50	51	50	49	48	48	48	0.2
54	53	54	53	53	52	51	51	51	0.2
37	36	36	35	34	34	33	32	32	-1.8
55	55	54	53	52	51	50	49	48	-1.9
64	62	62	61	60	59	57	55	54	-1.1
56	55	54	53	52	52	50	49	48	-0.9

PEAK YEARS AND 2004

Total welfare incomes were further below the poverty line in most provinces in 2004 than they were in the late 1980s or early 1990s.

Table 5.2 identifies the peak years for total welfare incomes as a percentage of the poverty line, the peak percentage, total welfare incomes as a percentage of the poverty line for 2004 and the percentage change from peak to 2004.

A single employable person on welfare in Nova Scotia, for example, had a total welfare income equal to 50 percent of the poverty line in 1989 and only 30 percent of the poverty line in 2004.

The peak years are more or less similar to the peak years identified earlier in Table 4.2, although in some cases there was more than one peak when using incomes as a percentage of the poverty line.

TABLE 5.2: TOTAL WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE, PEAK YEARS AND 2004

	Peak Year or Years	Peak Percentage	2004	Percentage Change from Peak to 2004
NEWFOUNDLAND AND LABRADOR				
Single Employable	2002	44%	42%	-4.5%
Person with a Disability	1989	64%	51%	-20.3%
Single Parent, One Child	1992	74%	70%	-5.4%
Couple, Two Children	1986, 2002	58%	57%	-1.7%
PRINCE EDWARD ISLAND				
Single Employable	1989	66%	36%	-45.5%
Person with a Disability	1989	77%	53%	-31.2%
Single Parent, One Child	1989	75%	63%	-16.0%
Couple, Two Children	1989	78%	65%	-16.7%
NOVA SCOTIA				
Single Employable	1989	50%	30%	-40.0%
Person with a Disability	1989, 1990, 1991	66%	50%	-24.2%
Single Parent, One Child	1992, 1994	69%	58%	-15.9%
Couple, Two Children	2001	61%	57%	-6.6%
NEW BRUNSWICK				
Single Employable	1991	25%	19%	-24.0%
Person with a Disability	1989	63%	39%	-38.1%
Single Parent, One Child	1999	64%	61%	-4.7%
Couple, Two Children	1999 to 2004	53%	53%	0.0%
QUEBEC				
Single Employable	1991	40%	34%	-15.0%
Person with a Disability	1991	53%	49%	-7.5%
Single Parent, One Child	1994	63%	57%	-9.5%
Couple, Two Children	1990	59%	49%	-16.9%

TABLE 5.2: TOTAL WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE, PEAK YEARS AND 2004

	Peak Year or Years	Peak Percentage	2004	Percentage Change from Peak to 2004
ONTARIO				
Single Employable	1991	54%	34%	-37.0%
Person with a Disability	1991	75%	59%	-21.3%
Single Parent, One Child	1992, 1993, 1994	81%	56%	-30.9%
Couple, Two Children	1992	73%	50%	-31.5%
MANITOBA				
Single Employable	1990, 1991	46%	28%	-39.1%
Person with a Disability	1992	55%	42%	-23.6%
Single Parent, One Child	1992	60%	52%	-13.3%
Couple, Two Children	1991, 1992	67%	53%	-20.9%
SASKATCHEWAN				
Single Employable	1989, 1993, 1994	42%	35%	-16.7%
Person with a Disability	1989	67%	51%	-23.9%
Single Parent, One Child	1986	70%	57%	-18.6%
Couple, Two Children	1986	70%	58%	-17.1%
ALBERTA				
Single Employable	1986	51%	25%	-51.0%
Person with a Disability	1991	60%	39%	-35.0%
Single Parent, One Child	1986	61%	48%	-21.3%
Couple, Two Children	1986	66%	51%	-22.7%
BRITISH COLUMBIA				
Single Employable	1990	42%	32%	-23.8%
Person with a Disability	1990, 1991	58%	48%	-17.2%
Single Parent, One Child	1994	66%	54%	-18.2%
Couple, Two Children	1994	58%	48%	-17.2%

The differences between the peak years and 2004 tended to be particularly harsh in the case of single employable persons. Losses of 25 percent or more were reported in seven provinces, with the drop of 51 percent in Alberta the worst. The large drop in Newfoundland and Labrador in 1996 and in 1997 was due to a change in welfare policy, since then reversed, that made room and board the norm for single employable people.

There were also hefty losses for single persons with a disability. Eight provinces reported losses of 20 percent or more, with the worst a drop of 38.1 percent in New Brunswick.

Families with children tend to fare much better than single persons when the incomes measured are total welfare incomes rather than provincial welfare benefits. That is because of the significant increase in the Canada Child Tax Benefit since 1998.

However, only one figure for 2004 was a peak year. The couple with two children in New Brunswick matched its peak year in 2004 with total welfare income of 53 percent of the poverty line. Meanwhile, the single-parent family in Ontario lost 30.9 percent and the two-parent family lost 31.5 percent. There were also hefty losses in Prince Edward Island and all four western provinces. Elsewhere, the best that can be said is that a few of the losses were moderate.

A FURTHER LOOK AT FAMILY TYPE

Figures 5.1 through 5.10 on the pages that follow show total welfare incomes as a percentage of the poverty line in graphic format. The numbers are taken from table 5.1.

In most provinces, single employable persons were consistently the most impoverished, followed closely by single persons with a disability. Single parents and couples with children tended to do better, but none of the welfare incomes in any of the figures could be considered adequate or reasonable.

In the 17 years of income data in the figures, the highest income for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. Part of that distinction is due to the fact that the poverty lines in Prince Edward Island are lower because the largest city in the province is relatively small. The lowest income for a single employable person was nine percent in Newfoundland and Labrador in 1997 through 1999, when singles were pushed into room and board situations whenever possible rather than being given enough money to rent their own apartments.

The highest income for a single person with a disability was 77 percent of the poverty line, again in Prince Edward Island in 1989. The lowest was 39 percent of the poverty line in New Brunswick in 2004 as well as in Alberta in 1996 through 2004, with the exceptions of 2000 and 2001. Many people with severe and permanent disabilities in Alberta relied on a program known as Assured Income for the Severely Handicapped which provided a higher rate than welfare.

The highest income for a single parent with one child was 81 percent of the poverty line in Ontario in 1992, 1993 and 1994. The lowest was 48 percent in Alberta in 2002, 2003 and 2004.

Finally, the highest income for a couple with two children was 78 percent of the poverty line in Prince Edward Island in 1989, and the lowest was 44 percent in New Brunswick in 1989 and 1990.

Figure 5.1: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Newfoundland and Labrador

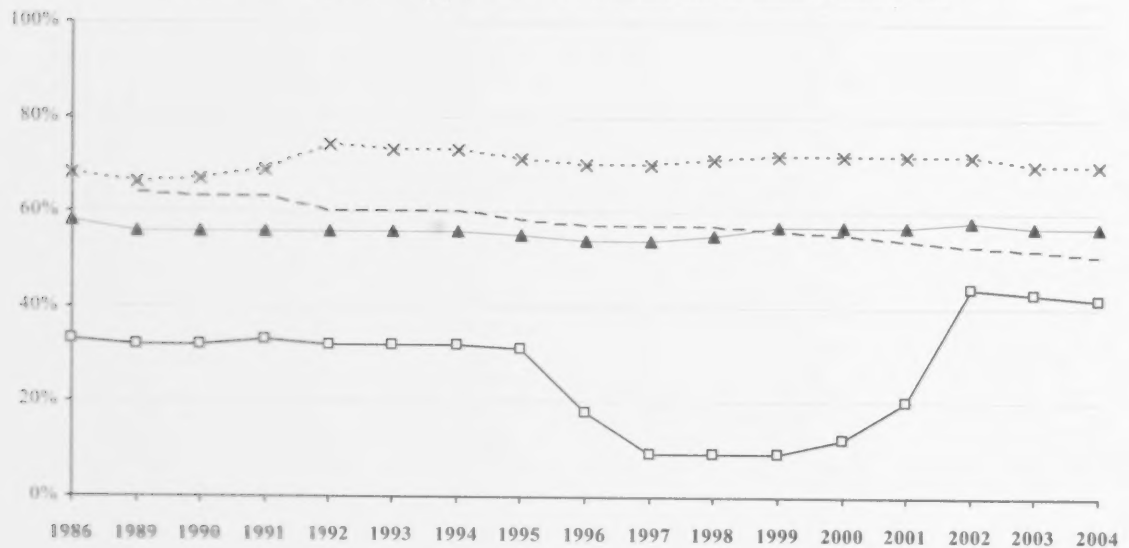
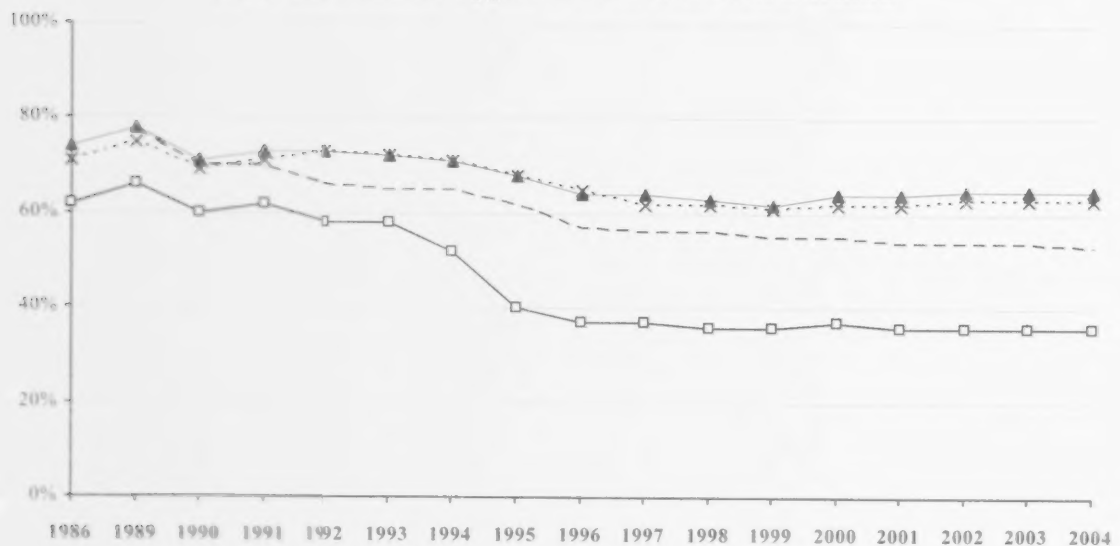


Figure 5.2: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Prince Edward Island



—○— Single Employable - - - Disabled Person
 - - - x - - - Single Parent, One Child —▲— Couple, Two Children

**Figure 5.3: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Nova Scotia**

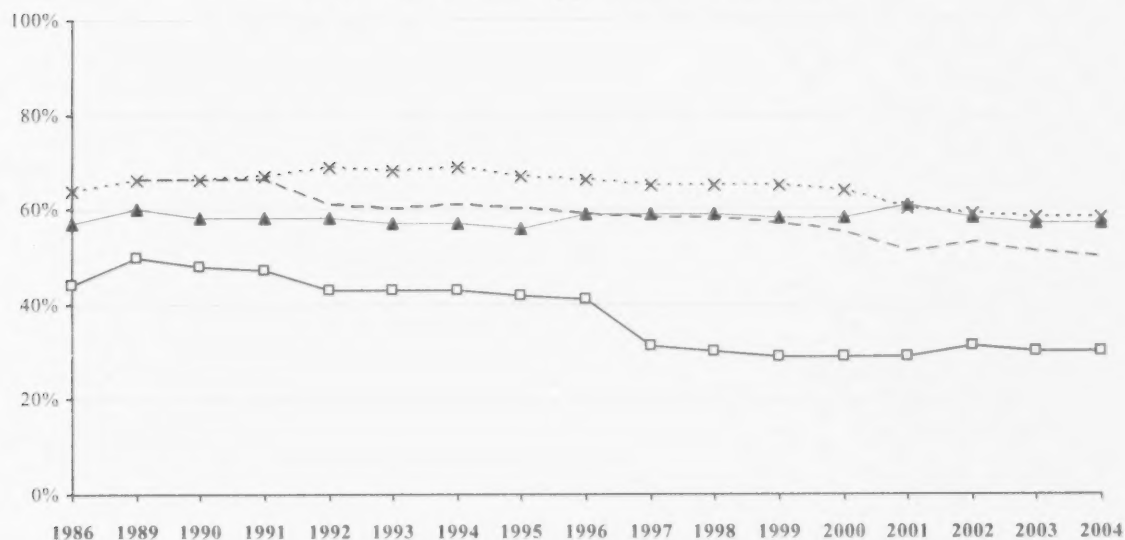


**Figure 5.4: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in New Brunswick**

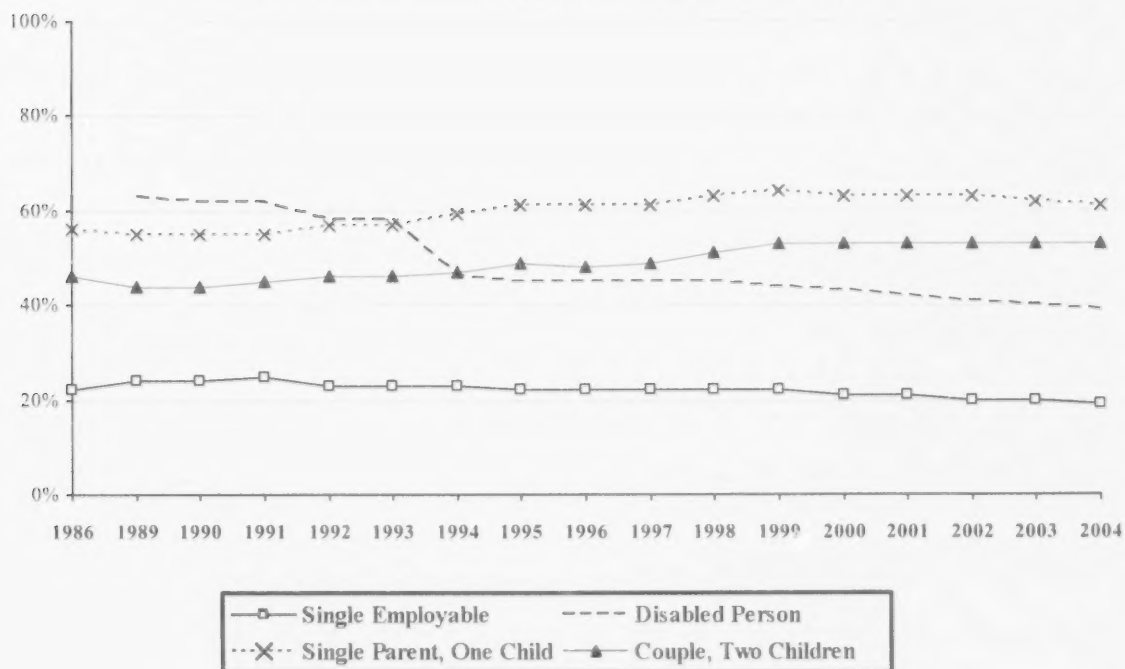


**Figure 5.5: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Quebec**

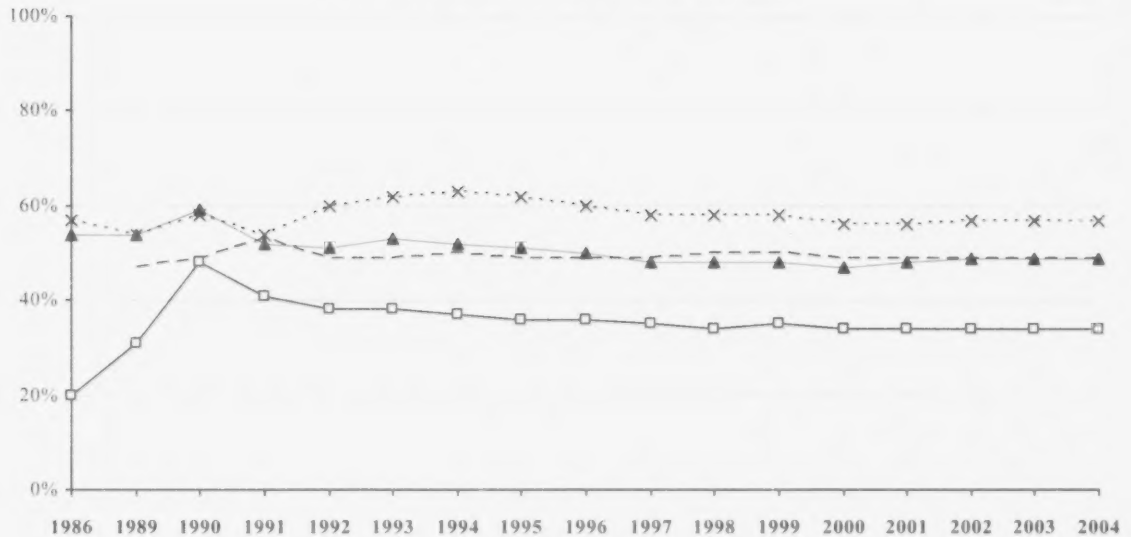


**Figure 5.6: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Ontario**

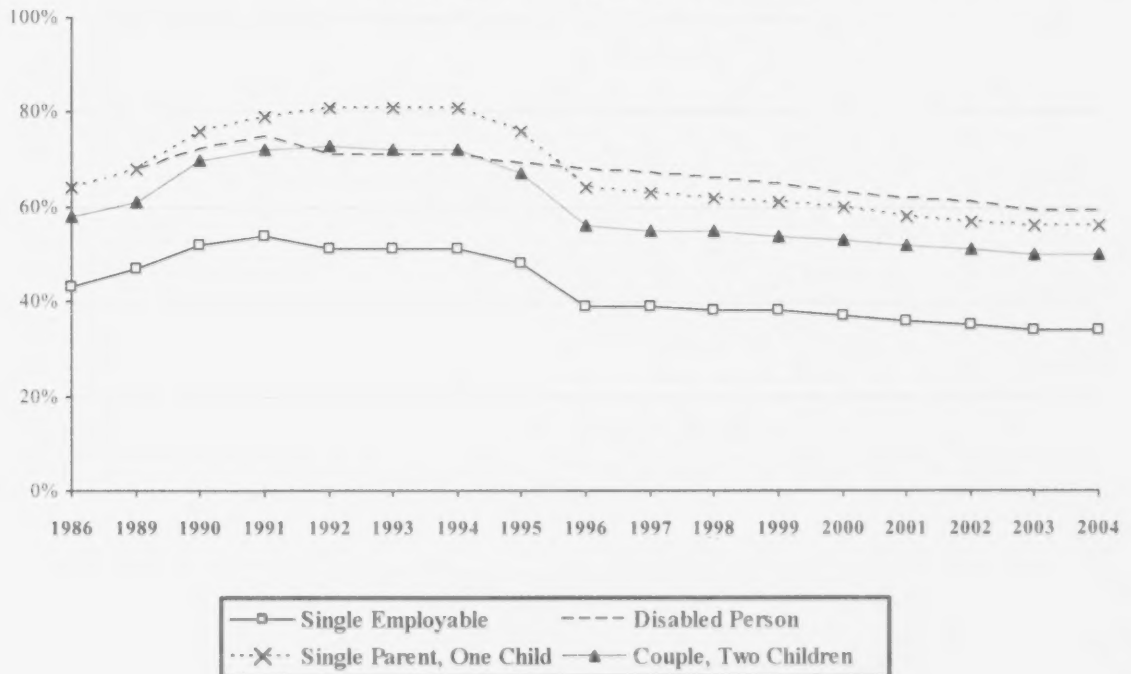


Figure 5.7: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Manitoba

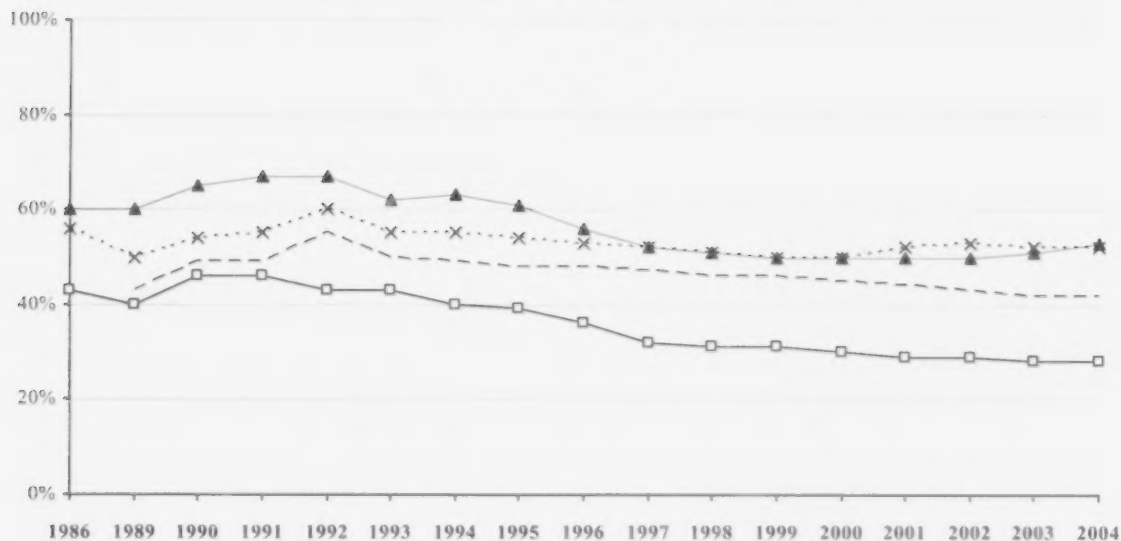


Figure 5.8: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Saskatchewan

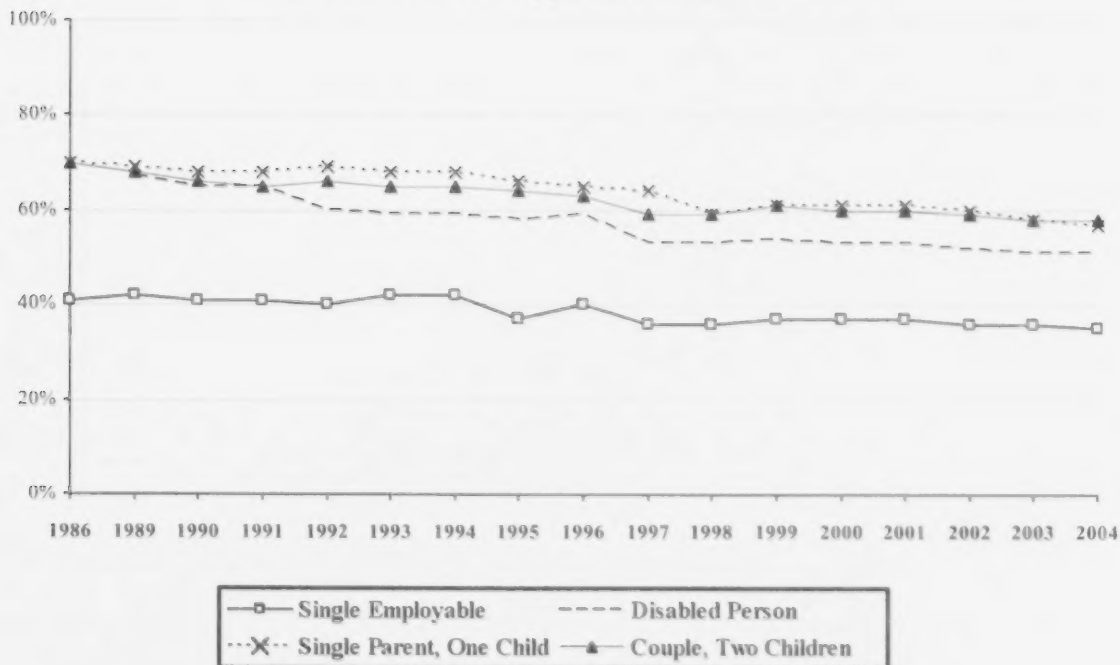


**Figure 5.9: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Alberta**

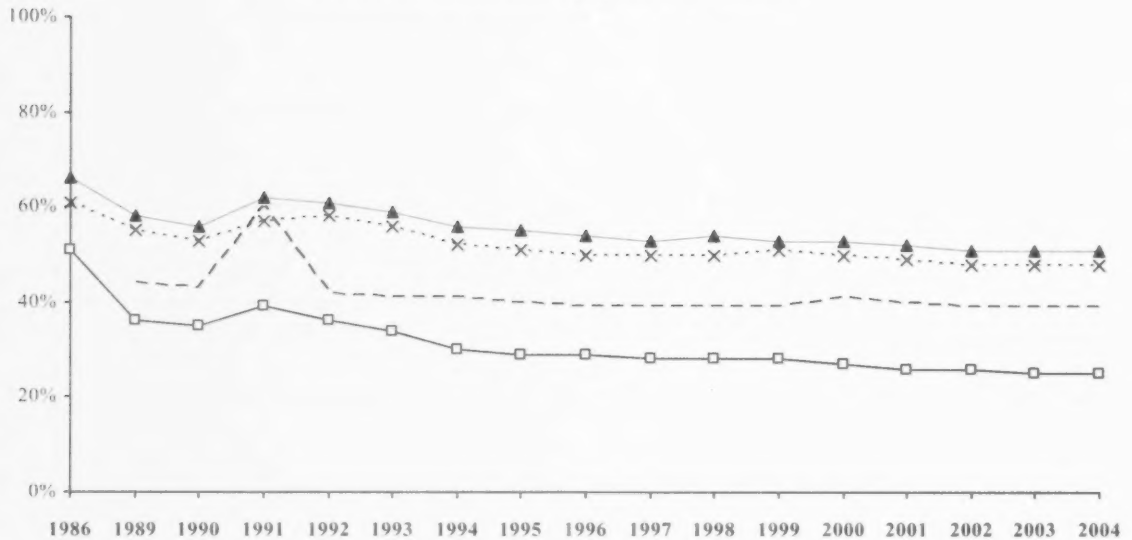
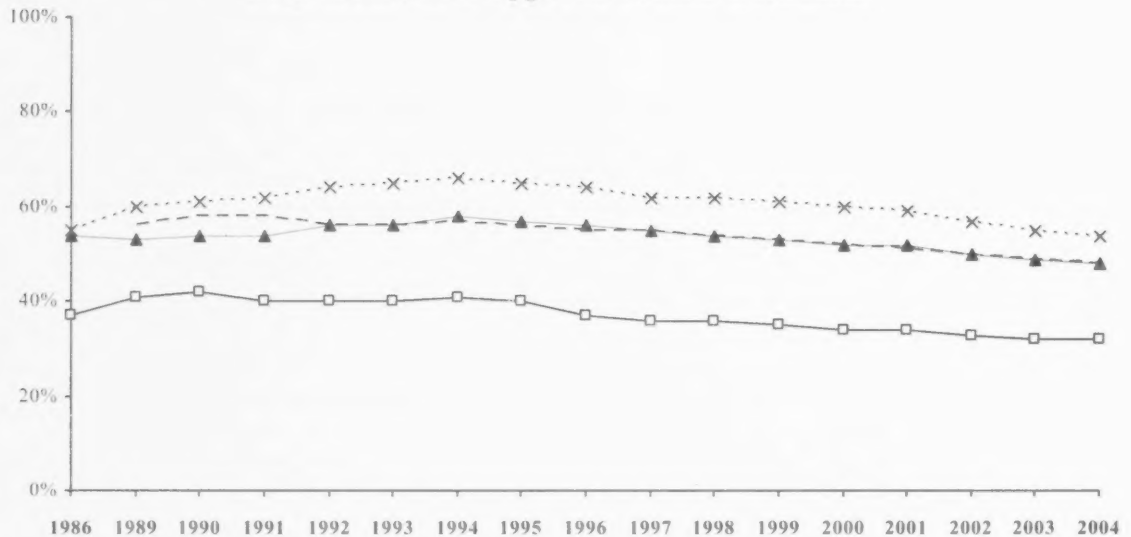


**Figure 5.10: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in British Columbia**



—□— Single Employable - - - - Disabled Person
 ···×·· Single Parent, One Child —▲— Couple, Two Children

VI. EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have additional earnings. All provinces and territories except British Columbia allow welfare recipients to retain a certain amount of earned income – a flat-rate sum, a percentage of earnings or a combination of both – without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables in this report because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 6.1 shows the allowable earnings exemptions for January 1, 2004, in each province and territory. Any changes to the earnings exemptions made after January 1, 2004, will be reflected in future editions of this report. Overall, during 2004, no noticeable changes were seen in provincial and territorial earnings exemptions.

The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including child-care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. That means that the actual earnings exemptions in some provinces and territories may be more generous than they appear at first glance. Earnings exemptions also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. Exemptions encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

Sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits or earnings exemptions is not.

The most recent changes on earnings exemptions were in 2002, when British Columbia got rid of all earnings exemptions for employable recipients. The province was intent on getting people off the welfare rolls and into paying jobs, yet it did away with the earnings exemptions that made it possible – and legal – for recipients to work.

Having no earnings exemptions is tantamount to levying a tax of 100 percent – every single dollar from the first dollar earned leads to a dollar deducted from a person's welfare cheque. No sensible person would support an income tax of 100 percent on rich people, so why would anyone support a "taxback" of 100 percent on welfare incomes?

Some welfare recipients find work in the private or public sectors, while others turn to the "social economy," that portion of the economy which includes a wide range of services and activities by non-profit and voluntary agencies.

The federal government has been exploring ways to promote the social economy, and the National Council of Welfare welcomes this initiative. Council members believe community-based not-for-profit activities can bring great benefits to the people they employ and the people they serve. It remains to be seen, however, if these new initiatives will have a noticeable effect in reducing income inequality or addressing the root causes of poverty and social exclusion.

Support for the social economy should be seen as an addition to, and not a substitute for other social policy tools such as tax policy, income supports and direct public services.

The Council also believes that decent wages and working conditions should be prerequisites for local community enterprises. Strengthening community assets requires stable jobs in which workers develop transferable skills and provide consistent, high-quality services in their communities. Community organizations should not be asked to deliver services on the cheap. Neither should they be used by cost-conscious governments as a handy way of replacing existing jobs.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
NEWFOUNDLAND AND LABRADOR ¹	Disabled adult: up to \$95. Family with disabled member(s): up to \$190.	Unemployed adult: up to \$75. Family of two or more (no disabled members): up to \$150.
PRINCE EDWARD ISLAND	\$75 for a single adult or \$125 for a family plus 10% of the balance of net wages for both households.	
NOVA SCOTIA ²	Recipients in training programs: \$150 of training allowance. Recipients with full-time or part-time employment: 30% of net earnings.	
NEW BRUNSWICK	Single adult: \$150 to \$200. ³ Family: \$200 to \$250. ³	
	Welfare recipients were eligible for the Extended Wage Exemption when their earnings were high enough that the application of the extended wage exemption was to their benefit and where the employment seemed likely to lead to self-sufficiency (that is, was not temporary or seasonal). The Extended Wage Exemption lasted for 12 months only. Recipients' exemptions then reverted to the established exemption minimum. Single person and couple without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month. Family with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
QUEBEC	Adult with severe limitation to work: \$100. Adult with temporary limitation to work: \$200.	Single adult: \$200. Single parent: \$200. Two-parent family: \$300.
ONTARIO	Disabled single adult: \$160 + 25% of remainder of earnings + disability related expenses for a maximum of \$140. Disabled adult with family: \$235 + 25% of remainder of earnings + disability related expenses to a maximum of \$140 + child care. ⁴	Single adult: first \$143 + variable exemption. ⁵ Single parent, one child: first \$275 + variable exemption + child care. ⁶ Couple, two children: first \$346 + variable exemption + child care.
MANITOBA ⁷	Adult with or without spouse, in disability category: \$100 a month for each earner + 30% of net monthly earnings over \$100, for each working family member, after the first month. Single disabled parent: \$115 a month + 30% of net earnings over \$115, after the first month.	Single adult, childless couple and two-parent family with children: \$100 a month for each earner + 25% of net earnings over \$100 after the first month. Single parent: \$115 a month + 25% of net earnings over \$115 after the first month.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
SASKATCHEWAN ⁸	Single disabled adult; first \$100 of earned income + 20% of next \$375 (maximum exemption \$175).	Single person; first \$25 of earned income + 20% of next \$375 (maximum exemption \$100).
	Two-adult family, no children; first \$125 of earned income + 20% of next \$625 (maximum exemption \$250).	Two-adult family, no children; first \$50 of earned income + 20% of next \$625 (maximum exemption of \$175).
	Family with children in which the adult is disabled; \$200. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement. ⁹	Family with children; \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.
ALBERTA	Single parents; first \$230 plus 25% of any amount over \$230.	
	Each working adult in couples with children; \$115 plus 25% of any amount over \$115.	
	Each child not attending school; first \$350 of earnings plus 25% of income over \$350	
	For children attending school; 100% of earnings.	
	Singles or couples with no children; first \$115 of combined net employment income a month + 25% ¹⁰ over \$115.	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
BRITISH COLUMBIA ¹¹	Persons with Persistent Multiple Barriers: \$300 after three months. Persons with Disabilities: \$400 after three months.¹² Single-parent with disabled child who is unable to leave the home for the purposes of employment: \$300.	None.
YUKON	For first three months on welfare, \$100 for a single adult, \$150 for a family. In fourth month, an additional exemption of 25% of net income. People considered to be permanently excluded: \$25 for a single adult; \$50 for a married couple from sale of handicrafts or hobby materials.	
NORTHWEST TERRITORIES	\$200 (no dependants). \$400 (dependants).	
NUNAVUT	\$200 (no dependants). \$400 (dependants). Training allowance of \$200 is exempt for those participants engaged in Sivuniksaliurniq Programs sponsored by the Department of Education.¹³	

Newfoundland and Labrador

¹ Disabled adults or disabled members of a family must be people who require supportive services to qualify for the higher earnings exemption. In addition, the disabled member in a family could also include a disabled child if the child required supportive services.

Nova Scotia

² Welfare recipients with jobs or training allowances were allowed actual transportation costs to a maximum of \$150, actual child care to a maximum of \$400 and other employment related costs. Earnings exemptions were then applied to wages or training allowances.

New Brunswick

³ Families and individuals who were expected to achieve self-reliance in a short period of time were eligible for higher exemption levels.

Ontario

⁴ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for children 5 years of age and under, \$346 for children between six and 12 years of age, or \$390 for children six or older who have special needs.

⁵ Ontario deducted a monthly flat rate amount from net earnings. This amount varied according to family size. After Ontario deducted the basic exemption, welfare recipients were allowed to keep an additional percentage of net earnings. The variable exemption decreased with the cumulative number of months the household declared earnings. For the first 12 months, the variable exemption was 25 percent; for 13 to 24 months, 15 percent; and after 24 months, no further exemption.

⁶ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for each child under 13.

Manitoba

⁷ Employed EIA participants were also allowed an exemption for child care expenses. In addition, persons with disabilities received an allowance for work clothing and transportation. When a recipient's gross monthly income from all sources (less child care expenses) represented 135 percent or more of the household's cost of basic necessities, the recipient was no longer eligible for income assistance.

Saskatchewan

⁸ The earnings exemptions applied to fully employable individuals only after they were on welfare for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories were entitled to the earnings exemption from the time they received income from employment.

⁹ The Saskatchewan Employment Supplement is a monthly payment for low income parents who worked for pay, were self-employed or received child or spousal support. The supplement was paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$348.75 a month for a family with five or more children. In May 2001, a supplementary benefit for children under age 13 was introduced. This supplement ranged from an additional \$48.43 a month for one child under 13 to \$87.18 a month for five or more children under 13.

Alberta

¹⁰ Persons who qualified for the Assured Income for the Severely Handicapped program had higher earnings exemptions. Alberta exempted \$200 a month plus 25 percent of additional earnings for single people with disabilities and \$775 a month plus 25 percent of additional earnings for families subject to the AISH program.

British Columbia

¹¹ BC eliminated earnings exemptions for employable recipients as of April 1, 2002, but retained them for people with disabilities.

¹² The exemption for people in the category Persons with Disabilities was raised from \$300 to \$400 a month on April 1, 2003.

Nunavut

¹³ The Sivuniksaliurniq programs (How to Prepare for the Future) are mainly literacy and upgrading programs for which an incentive allowance is paid.

CONCLUSION

Canadian welfare policy over the past 15 years has been an utter disaster, and *Welfare Incomes 2004* offers the latest proof of that sad assessment.

Welfare incomes have never been adequate anywhere in Canada, but many of the provincial and territorial benefits reported in 2004 were modern-day lows. Even when federal benefits such as the GST Credit and the National Child Benefit are added to the equation, welfare incomes remained far below the poverty line and far below what most Canadians would consider reasonable.

Welfare incomes were further below the poverty line in most provinces in 2004 than they were in the late 1980s or early 1990s. The differences between the peak years and 2004 tended to be particularly harsh in the case of single employable persons. Losses of 25 percent or more were reported in seven provinces.

The National Council of Welfare has repeatedly lamented the shabby treatment both levels of government have given welfare recipients and has repeatedly called for major improvements in welfare and related programs.

Welfare has long been the neglected stepchild of governments in Canada, and *Welfare Incomes 2004* shows that the neglect is continuing. Perhaps this year's dismal report will finally make people in public life sit up, take notice and do something to remedy the situation.

In our view, there are two fundamental changes that have to be made to give welfare recipients a fair shake. One is brand-new financial arrangements for welfare, complete with a commitment by all governments to adequate levels of income support. The other is a change in the current system of child benefits, notably an immediate end to all provincial and territorial "clawbacks" of federal child benefits.

The federal government now pays a portion of the cost of welfare and post-secondary education through a form of block funding called the Canada Social Transfer, an arrangement that is complex, unintelligible, unaccountable and totally divorced from the real needs of welfare recipients.

The National Council of Welfare has long urged the federal, provincial and territorial governments to strike a new and separate arrangement for welfare - one that would include a much more realistic level of federal support. In exchange for adequate and predictable funding from the federal government, provinces and territories should agree to hold themselves accountable for meeting minimum welfare standards and programming for welfare recipients. For example, we believe welfare rates should be based on the actual cost of a "basket" of goods and services rather than being set by government decree. We believe minimum wages should be high enough to ensure reasonable standards of living for people in the paid labour force. And we believe all provinces and territories should provide assistance to welfare recipients and low-wage workers alike to help cover the cost of prescription drugs, dental care and eyeglasses.

Fundamental changes are also needed in our system of child benefits. At the present time, the federal government has a National Child Benefit that consists of a basic Canada Child Tax Benefit and a National Child Benefit Supplement. Most low-income families with children get both the basic benefit and the supplement, and that is a good thing.

However, the federal government also encourages provinces and territories to claw back the supplement from families on welfare by reducing welfare or related benefits. One result of the clawback, intended or otherwise, is to keep welfare incomes unconscionably low. As the federal government increased its funding for families through increases in the National Child Benefit Supplement, some provinces and all three territories reduced their own spending on welfare recipients with children and also froze or reduced welfare rates for other categories of welfare recipients.

Newfoundland and Labrador and New Brunswick refused to go along with the clawback arrangements right from the very beginning, and four other provinces took a similar stand in more recent years. The time has come for Prince Edward Island, Ontario, Saskatchewan, British Columbia and the three territories to do away with the clawback in their jurisdictions.

Sadly, even those provinces who have made the decision not to clawback or who have discontinued the clawback have dismally low and inadequate welfare payments. For example, Alberta agreed to pass on the National Child Benefit Supplement (NCBS) in August 2003 but hasn't yet restored an adequate level of benefits for families with children. Nova Scotia has not clawed back the NCBS since August 2001; however, the total amount of provincial benefits was cut in October 2001 for most families on welfare and still remains low. Even in Manitoba where the clawback of the NCBS was fully eliminated as of February 2004, total welfare income for 2004 remained at only 52 percent of the poverty line for the single parent family and 53 percent for the two-parent family. There is no glory in not clawing back the NCBS if your welfare rates are so low that adequacy is a pipe dream.

Welfare Incomes 2004 shows that 118,131 poor single-parent families on welfare and 37,208 poor two-parent families with children on welfare were clawed back in 2004. In the provinces and territories that clawed back the NCB supplement, the single parents clawed back represented 34.9 percent of all single-parent families eligible for the supplement, and the couples clawed back represented 15.1 percent of all two-parent families eligible for the supplement.

When the National Child Benefit came into being, the federal, provincial and territorial governments agreed that those families whose welfare income was clawed back would be no worse off. That promise has been broken. Many of the families with children on welfare were worse off in 2004 than they were when the National Child Benefit was introduced in 1998.

Both the clawback and the current funding arrangements for welfare are blatant and long-standing examples of bad social policy, and bad social policy almost inevitably produces bad results. As we emphasized in a recent report entitled *The Cost of Poverty*, current health and social policy research has made direct links between inadequate incomes, poor health outcomes and increased health and economic costs. The health field provides a key example

of how reducing and preventing poverty in the first place is more cost-effective than paying for its consequence.

In this day and age when Canada is struggling to manage soaring health care costs and to integrate good social economic policies, unless governments can agree on reasonable levels of funding for welfare and an end to the clawback of child benefits, we will continue to see an erosion of the quality of life for all people in Canada.

APPENDICES

Seven appendices are presented in this edition of *Welfare Incomes*. Appendices E, F and G are new this year.

APPENDIX A reports the estimated number of people on welfare by province and territory as of March of each year. All figures are estimates based on the most recent data available. Data for Prince Edward Island are for December 2003.

APPENDIX B presents the Statistics Canada's before-tax low income cut-offs (LICOs) for 2004.

APPENDIX C shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998.

APPENDIX D shows the National Child Benefit payments from 1998 to 2004 for a single parent with a 2-year old child and a couple with two children aged 10 and 15.

APPENDIX E shows estimates of families receiving social assistance (S.A.) and whose National Child Benefit Supplement (NCBS) was still clawed back in March 2004.

APPENDIX F shows estimates of children in families receiving social assistance (S.A.) and whose National Child Benefit Supplement (NCBS) was still clawed back in March 2004.

APPENDIX G compares the welfare incomes of our four typical households with median incomes for the appropriate household type in each largest municipal area, except for Prince Edward Island and the three Territories where data on median income for the whole province or territory was used.

SOURCE OF DATA FOR APPENDICES E AND F

Data on families and children entitled to NCBS were obtained through the Statistics Division at Canada Revenue Agency.

Numbers of families and children in families receiving social assistance in March 2004 were provided by the Research and Quantitative Analysis Division of the Strategic Policy Directorate at Social Development Canada.

Please note totals for Canada may not add up due to rounding.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE

	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600
PRINCE EDWARD ISLAND *	12,400	11,700	11,100	10,900
NOVA SCOTIA	104,000	103,100	93,700	85,500
NEW BRUNSWICK	67,400	67,100	70,600	67,100
QUEBEC	802,200	813,200	793,300	725,700
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300
MANITOBA	85,200	85,800	79,100	72,700
SASKATCHEWAN	82,200	80,600	79,700	72,500
ALBERTA	113,200	105,600	89,800	77,000
BRITISH COLUMBIA	374,300	369,900	321,300	297,400
YUKON	2,100	1,700	2,000	2,100
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700
NUNAVUT				
CANADA	3,070,900	2,937,100	2,774,900	2,577,500

Source: Research and Quantitative Analysis Division.

* Data for Prince Edward Island

Note: All figures are estimates based

ON WELFARE BY PROVINCE AND TERRITORY

March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	% Change 2003-2004
59,900	59,400	54,400	52,100	51,200	49,800	-2.7%
9,800	8,400	7,900	7,500	7,000	6,700	-4.3%
80,900	73,700	66,800	61,500	58,300	56,300	-3.4%
61,800	56,300	52,900	50,700	49,300	47,000	-4.7%
661,300	618,900	576,600	560,800	544,200	532,200	-2.2%
910,100	802,000	709,200	687,600	673,900	672,000	-0.3%
68,700	63,300	60,500	60,100	59,900	60,800	1.5%
66,500	63,800	60,900	56,100	53,200	51,800	-2.6%
71,900	64,800	58,000	53,800	57,800	60,200	4.2%
275,200	262,400	252,900	241,200	180,700	165,000	-8.7%
1,700	1,400	1,300	1,000	1,100	1,300	18.2%
11,300	3,400	2,200	2,100	1,900	1,900	3.4%
	7,300	7,300	8,100	7,100	N/A	N/A
2,279,100	2,085,100	1,910,900	1,842,600	1,745,600	1,705,065	-2.3%

Strategic Policy Directorate, Social Development Canada.

are for December 2003.

on the most recent data available.

APPENDIX B: POVERTY LINES, 2004
STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2004

Family Size	Community Size				Rural Areas
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	
1	\$20,337	\$17,515	\$17,407	\$15,928	\$14,000
2	\$25,319	\$21,804	\$21,669	\$19,828	\$17,429
3	\$31,126	\$26,805	\$26,639	\$24,375	\$21,426
4	\$37,791	\$32,546	\$32,345	\$29,596	\$26,015
5	\$42,862	\$36,912	\$36,685	\$33,567	\$29,505
6	\$48,341	\$41,631	\$41,375	\$37,858	\$33,278
7 +	\$53,821	\$46,350	\$46,065	\$42,150	\$37,050

APPENDIX C: ANNUAL MAXIMUMS FOR THE NATIONAL CHILD BENEFIT, 1998-2004							
	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004
Canada Child Tax Benefit	\$1,020	\$1,020	\$1,104	\$1,117	\$1,151	\$1,169	\$1,208
Canada Child Tax Benefit Threshold	\$25,921	\$25,921	\$30,004	\$32,000	\$32,960	\$33,487	\$35,000
Additional Payment for a Child Under Seven	\$213	\$213	\$219	\$221	\$228	\$232	\$239
National Child Benefit Supplement for the 1 st Child in a Family	\$605	\$785	\$977	\$1,255	\$1,293	\$1,463	\$1,511
National Child Benefit Supplement for the 2 nd Child in a Family	\$405	\$585	\$771	\$1,055	\$1,087	\$1,254	\$1,295
National Child Benefit Supplement Threshold	\$20,921	\$20,921	\$21,214	\$21,744	\$22,397	\$21,529	\$22,615

This table shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998. The National Child Benefit consists of two parts: the basic Canada Child Tax Benefit or CCTB and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increase on July 1 and are in effect until June 30 of the following year. The CCTB and NCBS are paid monthly by the federal government in one cheque to each qualifying family.

The first row called Canada Child Tax Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full Canada Child Tax Benefit. Once a family's income exceeded this amount, the federal government reduced the basic benefit. The basic federal child tax benefit was completely phased out once the net income of a family with one or two children exceeded \$95,400. Families with three or more children did not receive the basic federal benefit after a net income of \$127,700. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a basic federal child tax benefit of \$1,208 for the period beginning July 1, 2004, for each child under age 18 if the family income was under \$35,000. The amounts were the same for all provinces and territories except Alberta which asked the federal government to vary these amounts. The federal government also made an additional payment of \$239 for each child under age 7 for the period beginning July 2004.

The fourth and fifth rows show the National Child Tax Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was \$1,511 on July 1, 2004, and \$1,295 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the full supplement. The column for July 2004 shows that the federal government provided all families with incomes under \$22,615 with the full National Child Benefit Supplement. Families with three or fewer children and a net family income between \$22,615 and \$35,000 received partial NCBS.

APPENDIX D: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS BY CALENDAR YEAR, 1998-2004		
January 1 to December 31	Single Parent with One Child, Age 2	Couple with Two Children, Ages 10 and 15
1998	\$1,535	\$2,545
1999	\$1,928	\$3,230
2000	\$2,159	\$3,683
2001	\$2,447	\$4,250
2002	\$2,633	\$4,613
2003	\$2,768	\$4,869
2004	\$2,911	\$5,139

This table shows the National Child Benefit payments from 1998 to 2004 for a single parent with a 2-year-old and a couple with children 10 and 15. Each row includes the total payments each family received between January 1 and December 31 each year. The calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the single-parent family. The payment includes the Canada Child Tax Benefit and the additional payment for a child under seven combined with the National Child Benefit Supplement. In the last column, the annual amounts include the Canada Child Tax Benefit and the National Child Benefit Supplement payments for a couple with children 10 and 15.

APPENDIX E: WELFARE FAMILIES AND THE CLAWBACK IN 2004

The table that follows highlights the number of families with children on welfare who had the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2004. Appendix F gives similar data using the number of children, rather than the number of families, subject to the clawback.

The first two columns show the number of single-parent families and two-parent families who were entitled to receive the NCB supplement in 2004 because their net family incomes in 2003 were between \$21,615 and \$33,487. The information came from the Statistics Division of the Canada Revenue Agency.

The income limits are NOT the same as poverty lines. The big-city poverty line for a family of two in 2003 was \$24,851, and the big-city poverty line for a family of four was \$37,094. A number of single parents with one child could have been well over the poverty line and they still would have received the NCB supplement. Conversely, a few couples with two children and some couples with more than two children could have been under the poverty line and still had income too high to qualify for the supplement.

The third and fourth columns show the number of families receiving welfare in early 2004, as compiled by the Research and Quantitative Analysis Division of the Strategic Policy Directorate of Social Development Canada.

The last four columns highlight provinces and territories which clawed back the NCB supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the welfare families clawed back with all families eligible for the NCB supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still exists. In those jurisdictions, 118,131 single-parent families or 34.9 percent of all single-parent families eligible for the supplement were clawed back. The comparable figures for two-parent families were 37,208 families clawed back or 15.1 percent of all two-parent families eligible for the supplement.

The grand total for Canada was 155,339 welfare families subject to the clawback in 2004. That figure is 54 percent of all 285,639 welfare families with children in Canada, but only 11.2 percent of the more than 1.3 million families eligible to receive the NCB supplement.

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004								
	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004		TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004		FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004			
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family		Two-Parent Family	
					Number	%	Number	%
NEWFOUNDLAND AND LABRADOR	16,028	13,183	5,800	2,700				
PRINCE EDWARD ISLAND *	4,351	2,452	1,000	300	1,000	23.0%	300	12.2%
NOVA SCOTIA	31,875	15,602	10,100	800				
NEW BRUNSWICK	25,055	14,454	7,300	2,400				
QUEBEC	194,818	139,550	52,400	23,800				
ONTARIO **	274,957	215,823	87,654	31,412	87,654	31.9%	31,412	14.6%
MANITOBA	35,438	26,233	10,300	1,500				
SASKATCHEWAN	33,848	21,843	7,800	1,600	7,800	23.0%	1,600	7.3%

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004						
	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004		TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004		FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family
					Number	%
ALBERTA	76,284	52,431	10,700	2,500		
BRITISH COLUMBIA	101,027	85,141	21,300	3,800	21,300	21.1%
YUKON ***	933	343	99	14	99	10.6%
NORTHWEST TERRITORIES ***	1,442	629	153	25	153	10.6%
NUNAVUT ***	1,183	1,428	125	57	125	10.6%
CANADA	797,349	589,339	214,731	70,908	118,131	14.8%
					37,208	6.3%

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004				
	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004	TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004	FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Single-Parent Families	459,335	96,600		
Two-Parent Families	343,021	33,700		
SUB-TOTALS	802,356	130,300		
CLAWBACK JURISDICTIONS				
Single-Parent Families	338,014	118,131	118,131	34.9%
Two-Parent Families	246,318	37,208	37,208	15.1%
SUB-TOTALS	584,332	155,339		
GRAND TOTAL	1,386,688	285,639	155,339	11.2%

* February data was used for Prince Edward Island since March data was not available.

** Due to the unavailability of similar data for Ontario, estimates were obtained by using March 2003 data and a 0.28 % decrease rate.

*** Due to the unavailability of similar data for the territories, estimates were obtained by applying the ratio of Yukon's single-parent families receiving S.A. in March 2002 divided by all single-parent families entitled to NCBS in March 2002 (10.6%) to Nunavut and Northwest Territories. Sample size was too small for couples on S.A. in Yukon in March 2002; the lowest ratio for two-parent families in all provinces (4% in British Columbia) was applied to Nunavut and Northwest Territories.

APPENDIX F: CHILDREN IN WELFARE FAMILIES AND THE CLAWBACK IN 2004

The table that follows highlights the number of children in families on welfare who had the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2004. Appendix E gives similar data using the number of families, rather than the number of children in families, subject to the clawback.

The first two columns show the number of single-parent families and two-parent families who were entitled to receive the NCB supplement in 2004 because their net family incomes in 2003 were between \$21,615 and \$33,487. The information came from the Statistics Division of the Canada Revenue Agency.

The income limits are NOT the same as poverty lines. The big-city poverty line for a family of two in 2003 was \$24,851, and the big-city poverty line for a family of four was \$37,094. A number of single parents with one child could have been well over the poverty line and they still would have received the NCB supplement. Conversely, a few couples with two children and some couples with more than two children could have been under the poverty line and still had income too high to qualify for the supplement.

The third and fourth columns show the number of children in families receiving welfare in early 2004, as compiled by the Research and Quantitative Analysis Division of the Strategic Policy Directorate of Social Development Canada.

The last four columns highlight provinces and territories which clawed back the NCB supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the children in welfare families clawed back with all children eligible for the NCB supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still exists. In those jurisdictions, 212,332 children of single-parent families or 34.1 percent of all children in single-parent families eligible for the supplement were clawed back. The comparable figures for two-parent families were 85,242 children clawed back or 14.5 percent of all two-parent families eligible for the supplement.

The grand total for Canada was 297,574 children in welfare families subject to the clawback in 2004. That figure is 56 percent of all 529,173 children in welfare families with children in Canada, but only 12 percent of the more than 2.45 million children in families eligible to receive the NCB supplement.

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004						
	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2004		TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING S.A. IN MARCH 2004		CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family
					Number	%
NEWFOUNDLAND AND LABRADOR	23,511	22,502	8,900	4,800		
PRINCE EDWARD ISLAND *	6,792	4,834	1,700	800	1,700	25.0% 800 16.5%
NOVA SCOTIA	50,190	29,651	16,800	1,300		
NEW BRUNSWICK	37,610	26,290	11,300	4,600		
QUEBEC	299,788	271,647	84,600	49,500		
ONTARIO **	447,838	419,651	158,916	72,593	158,946	35.5% 72,593 17.3%
MANITOBA	62,587	61,854	20,300	3,900		
SASKATCHEWAN	62,502	50,572	15,800	4,000	15,800	25.3% 4,000 7.9%

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004						
	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2004		TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING S.A. IN MARCH 2004		CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family
					Number	%
ALBERTA	127,039	114,092	19,600	6,000		
BRITISH COLUMBIA ***	161,221	157,959	34,500	7,500	34,500	21.4%
YUKON ****	1,465	685	346	42	346	23.6%
NORTHWEST TERRITORIES *****	2,456	1,324	580	81	580	23.6%
NUNAVUT *****	2,075	3,714	490	227	490	23.6%
CANADA	1,285,251	1,165,207	373,832	155,342	212,332	16.5%
					85,242	7.3%

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004				
	TOTAL CHILDREN ENTITLED TO NCBS IN MARCH 2004	TOTAL CHILDREN RECEIVING S.A. IN MARCH 2004	CHILDREN WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Children in Single-Parent Families	663,404	161,500		
Children Two-Parent Families	577,040	70,100		
SUB-TOTALS	1,240,444	231,599		
CLAWBACK JURISDICTIONS				
Children in Single-Parent Families	621,847	212,332	212,332	34.1%
Children in Two-Parent Families	588,167	85,242	85,242	14.5%
SUB-TOTALS	1,210,014	297,574		
GRAND TOTAL	2,450,458	529,173	297,574	12.1%

* February data was used for Prince Edward Island since March data was not available.

** Due to the unavailability of similar data for Ontario, estimates were obtained using the average ratios of the number of children within families receiving S.A. to the number of families receiving S.A. in five largest provinces for the two types of families.

*** Data for British Columbia represents all social assistance cases active during the month of March 2004.

**** Due to the unavailability of similar data for the territories, estimates were obtained by applying the ratio of the number of children in families receiving S.A. to the number of children entitled to the NCBS in four provinces for the two types of families (23.6% for single-parent families and 6.1% for two-parent families).

**APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF
MEDIAN INCOMES**

	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$7,401	\$17,694	42%
Person with a Disability	\$8,930	\$17,694	50%
Single Parent, One Child	\$15,228	\$25,861	59%
Couple, Two Children	\$18,468	\$65,228	28%
PRINCE EDWARD ISLAND			
Single Employable	\$6,208	\$18,113	34%
Person with a Disability	\$9,216	\$18,113	51%
Single Parent, One Child	\$13,544	\$28,269	48%
Couple, Two Children	\$20,911	\$56,433	37%
NOVA SCOTIA			
Single Employable	\$5,212	\$23,034	23%
Person with a Disability	\$8,841	\$23,034	38%
Single Parent, One Child	\$12,684	\$27,327	46%
Couple, Two Children	\$18,595	\$68,264	27%
NEW BRUNSWICK			
Single Employable	\$3,388	\$18,741	18%
Person with a Disability	\$6,916	\$18,741	37%
Single Parent, One Child	\$13,389	\$25,128	53%
Couple, Two Children	\$17,139	\$61,459	28%
QUEBEC			
Single Employable	\$6,889	\$20,102	34%
Person with a Disability	\$9,910	\$20,102	49%
Single Parent, One Child	\$14,377	\$30,468	47%
Couple, Two Children	\$18,548	\$62,715	30%

APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF MEDIAN INCOMES			
	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
ONTARIO			
Single Employable	\$6,973	\$22,825	31%
Person with a Disability	\$11,987	\$22,825	53%
Single Parent, One Child	\$14,251	\$34,132	42%
Couple, Two Children	\$18,854	\$67,846	28%
MANITOBA			
Single Employable	\$5,792	\$21,987	26%
Person with a Disability	\$8,576	\$21,987	39%
Single Parent, One Child	\$13,103	\$29,735	44%
Couple, Two Children	\$19,962	\$65,752	30%
SASKATCHEWAN			
Single Employable	\$6,175	\$21,464	29%
Person with a Disability	\$8,962	\$21,464	42%
Single Parent, One Child	\$12,535	\$25,756	49%
Couple, Two Children	\$18,751	\$66,589	28%
ALBERTA			
Single Employable	\$5,044	\$27,222	19%
Person with a Disability	\$7,846	\$27,222	29%
Single Parent, One Child	\$12,151	\$35,703	34%
Couple, Two Children	\$19,166	\$76,431	25%
BRITISH COLUMBIA			
Single Employable	\$6,450	\$22,092	29%
Person with a Disability	\$9,814	\$22,092	44%
Single Parent, One Child	\$13,778	\$31,096	44%
Couple, Two Children	\$18,258	\$61,459	30%

APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF MEDIAN INCOMES			
	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
YUKON			
Single Employable	\$12,465	\$27,117	46%
Person with a Disability	\$13,981	\$27,117	52%
Single Parent, One Child	\$19,993	\$33,818	59%
Couple, Two Children	\$28,293	\$79,049	36%
NORTHWEST TERRITORIES			
Single Employable	\$12,884	\$33,504	38%
Person with a Disability	\$16,494	\$33,504	49%
Single Parent, One Child	\$21,758	\$32,666	67%
Couple, Two Children	\$29,592	\$98,732	30%
NUNAVUT			
Single Employable	\$10,711	\$37,587	28%
Person with a Disability	\$12,995	\$37,587	35%
Single Parent, One Child	\$21,635	\$23,558	92%
Couple, Two Children	\$35,376	\$63,972	55%

SOURCE: Median income, i.e. income at the exact midpoint of the income spectrum, comes from Statistics Canada, Small Area and Administrative Data Division. Data are defined according to census family definitions. Data for family income were obtained primarily from income tax returns filed in the spring of 2003. They were increased by the Consumer Price Index to get estimates for 2004.

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Social Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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